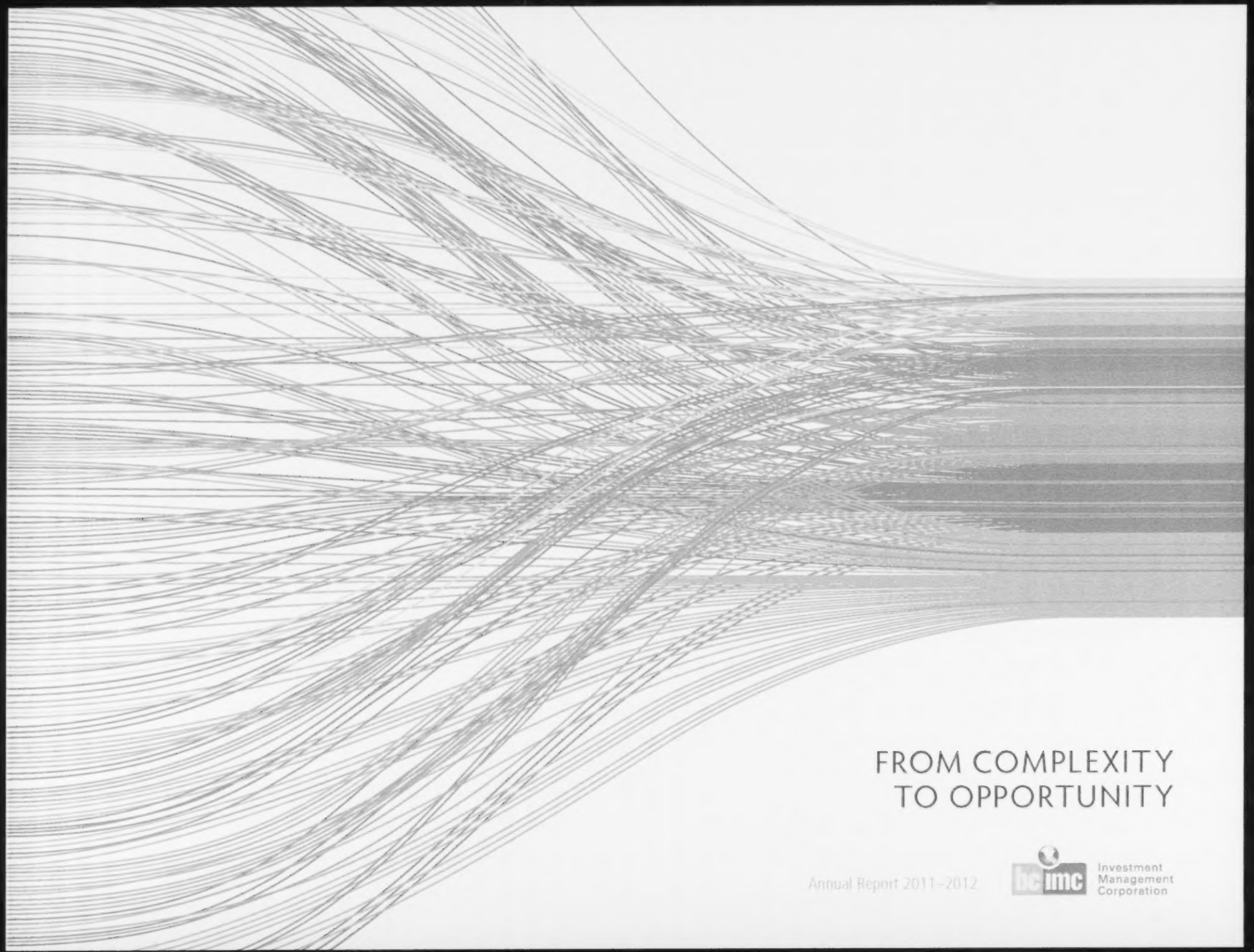

FROM COMPLEXITY TO OPPORTUNITY

Annual Report 2011–2012

bcimc Investment Management Corporation

Investment Management Corporation

Annual Report 2011–2012

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ABOUT bcIMC

The British Columbia Investment Management Corporation (bcIMC) is one of Canada's largest institutional investors within the global capital markets. We invest on behalf of public sector clients in British Columbia including the pension plans of more than 500,000 people. bcIMC has industry-leading investment expertise in all major asset classes: fixed income, mortgages, public equities, private equity, real estate and infrastructure.

Our world is becoming increasingly interdependent – the pace of change, the interconnectivity, and the diversity of linkages is creating a complex global system. Events such as Japan's earthquake and tsunami show these connections.

CONNECTIONS AND COMPLEXITY

AUTO INDUSTRY

Car production around the world temporarily stopped. Global supply chains were shaken when microchip controllers and key parts were not available. Production of Japanese cars

dropped **49.2%**

in one month.[1]

Customers switched to U.S. and Korean gas-efficient cars when production of made-in-Japan cars halted.

NUCLEAR POWER

Fukushima reignited public debate. Global trust in nuclear safety dropped. Calls for regulatory control increased.

governments reacted

Germany expedited its phase-out plans; Switzerland opted to discontinue use; the U.S. halted construction plans. Japan switched to liquified natural gas and is looking at renewable energy.

REBUILDING JAPAN

400,000 buildings destroyed; 4,200 roads, 133 bridges and 29 railways instantly damaged.[2] Civil engineering projects, public works and housing construction will drive Japan's economy.

¥23 trillion

is expected to be spent by 2022.[3]

Demand for lumber, cement and steel will increase.

[1] National Police Agency of Japan, Emergency Disaster Countermeasures Headquarters, June 6, 2012

[2] Road to Recovery, Government of Japan, March 2012

bcIMC extends our deepest sympathy to all those whose lives have been affected by the 2011 earthquake and tsunami. The human cost of this tragic event cannot be overlooked.

Investing is an intrinsically dynamic activity – just as the nature of the global economy changes, so does the investment industry. New trends and influences continually impact investment opportunities, products, and processes.

INFLUENCES THAT SHAPE OUR INVESTMENT ENVIRONMENT

HOW IS THE WORLD CHANGING THE INVESTMENT ENVIRONMENT?

Capital markets are more complex than they were 40 years ago. Economies are evolving, cross border investments are increasing, and capital flows are shifting. And, the interaction of numerous factors is impacting the investment industry.

● bcIMC believes that GLOBAL TRENDS are influencing our environment. *Demographics* are changing supply and demand, and the momentum of *emerging economies* is shaping global trade and finance. Technology aids the *connectivity* of capital markets. *Environmental matters* are influencing business operations, while capital *market reform* initiatives have the potential to amend practices. ● MORE PLAYERS, all with different goals, are changing the landscape. Some seek short-term gains and are indifferent to the assets they hold, while pension plans commit capital to more productive long-term uses. And sovereign wealth funds are redirecting their assets from short-term liquid investments to longer-term real assets. ● With more players seeking short-term gains, and with the use of leverage, faster trading, and larger volumes, MARKET VOLATILITY has increased. This challenges the deployment of long-term capital in the public markets and impacts valuations and initial public offerings of private companies. ● TECHNOLOGICAL DEVELOPMENTS advance economic innovation and connectivity. As boundaries between companies and countries become less distinct, business operations and the flow of capital change. Data for analysis, decision-making, and reporting must align with the changing environment. ● POLITICAL INTERVENTION has increased since the financial crisis. Politics impacts investor sentiment, market positioning, and macroeconomic trends. Policy uncertainty leads to ongoing market turbulence, while regulatory reform may change the landscape. ● Record-low interest rates will lead to a lingering LOW-RETURN ENVIRONMENT. Companies are strengthening their balance sheets, while governments and households are reducing their debt levels – leading to slower economic growth. Meanwhile, competition for higher-yielding assets is driving up prices, making it challenging to deploy long-term capital.

A changing and increasingly complex global environment presents new opportunities and risks. bcIMC continues to enhance our investment strategies and pooled funds to find additional ways of creating long-term wealth.

IMPLICATIONS FOR bcIMC AND OUR CLIENTS

WHAT IS bcIMC DOING TO ADAPT TO A COMPLEX INVESTMENT ENVIRONMENT?

Our business strategy sets the course for enhancing our investment model and approach and, where necessary, changing the way in which we operate. We are entering a period where our activities will increasingly focus on creating wealth while protecting our clients' capital.

In consultation with our clients, bcIMC will continue to build a global portfolio and progressively invest more of their funds in real assets. This involves collaborating with like-minded investors and building value-adding partnerships with our portfolio companies – allowing for a deeper understanding of the value drivers of these investments, while providing opportunities to commit additional long-term, responsible capital.

We will recalibrate our investment strategies and align our pooled funds with the new environment. Some investments will pursue strategically-identified themes set to benefit from global trends. We will manage more assets in-house, providing the potential to minimize total client costs and increase net returns.

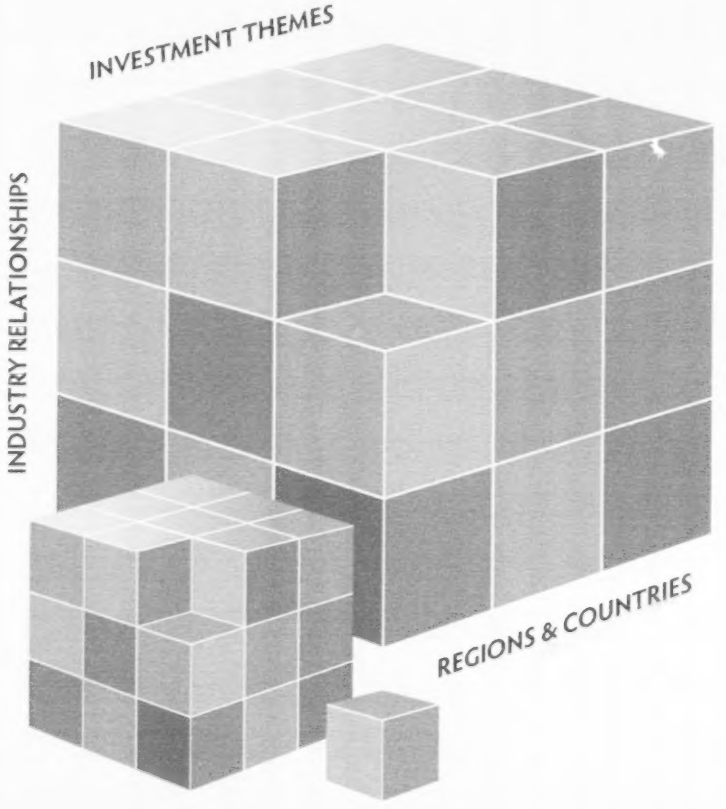
Thematic investing is one means of capitalizing on opportunities arising from an increasingly complex environment. This approach focuses on long-term strategic investments in sectors that are expected to prosper from longer-term trends and changes in global supply and demand.

THEMATIC INVESTING

WHAT IS THEMATIC INVESTING?

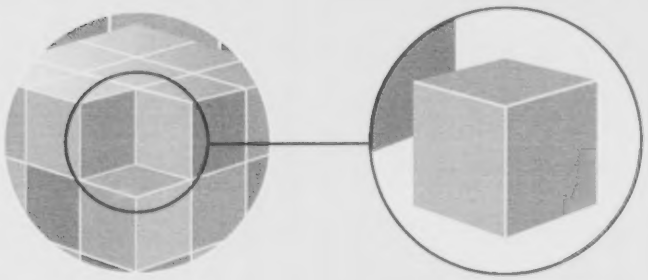
Thematic investing begins by identifying a series of broad-based themes or trends that are expected to affect the global investment landscape in the years and decades to come. For example, changes in demographics, the growing wealth in the emerging market countries, and environmental issues will have profound impacts on different industries, global growth, and consumer demand. We then identify specific investment opportunities that we consider to be well positioned to benefit from the expected long-term trends.

Thematic investing differs from a traditional approach – the goal is to enhance clients' long-term returns rather than to generate short-term outperformance by taking tactical positions relative to a market benchmark. In addition, thematic investing may cross different asset classes and generally results in lower trading volumes or less asset turnover compared to a traditional approach. As valuations are an important consideration, thematic investing requires a continuous assessment of the holdings and making adjustments when assessed to be appropriate.



Thematic opportunities are based on fundamental underlying trends. Successful investment depends on the right strategy and business model, appropriate execution, and ongoing stakeholder engagement.

HOW DOES THEMATIC INVESTING WORK?



THEMATIC INVESTING IN FOOD AND AGRICULTURE

Global demand for food will increase by 70 per cent between 2000 and 2050, mainly driven by population growth and changes in income levels and consumption in the emerging world.[1] Environmental pressures, technological changes, regulatory reform, and expanded global trade will also affect the supply of food.

Investment opportunities may exist throughout the value chain, ranging from agribusinesses that produce inputs – such as seeds and fertilizers – to farmland, irrigation equipment, food processing and related assets or companies – such as food distributors and retailers.

[1] Food and Agricultural Organization of the United Nations – World Food and Agriculture to 2030/2050.

WHY IS THEMATIC INVESTING BECOMING MORE IMPORTANT?

Pension plans have ongoing payment obligations and enhancing long-term returns eases the costs of meeting the "pension promise." Thematic investing is a strategic investment approach that capitalizes on global trends to enhance longer-term returns.

WHAT ARE WE DOING?

Thematic investing requires a different mindset, investment time horizon and management process. We have worked with a global management consulting firm to identify key agricultural trends and specific investment opportunities. Our collaboration has helped us develop a replicable process for determining future thematic initiatives. Our first thematic pooled fund will be launched in 2012.

WHAT WILL THIS MEAN FOR CLIENTS?

We will work with our clients as we identify themes to ensure that the new funds and investment strategies are aligned with their risk and return objectives. Thematic investing depends on an in-depth knowledge of particular sectors, an understanding of emerging global trends, and identifying investible opportunities. Our resource and knowledge base will be enhanced with the expertise gained from the thematic program.

bcIMC offers our clients global investment exposure to REAL ASSETS through our focused programs. With over a decade of experience, we have developed a deep understanding within this space.

FOCUS ON REAL ASSETS

WHAT ARE REAL ASSETS?

Real assets are physical assets such as infrastructure, land, and buildings. They have the potential to generate steady, yield-driven returns within a relatively low risk context.

Value is supported primarily by the physical assets rather than intangible assets such as goodwill. Their inflation-hedging characteristics complement investments in traditional asset classes.

Our clients are invested in regulated utilities, energy and power companies, mass transit, renewable resources such as timberlands, and real estate.

WHAT ARE WE DOING?

We are increasing our allocation and by 2015, over 30 per cent of our assets under administration will consist of real assets. We are also refining our strategic investments and infrastructure program into two streams: infrastructure and renewable resources. Our infrastructure focus covers utilities, transportation, and other core assets, while renewable resources include timberlands, agriculture, and other sectors.

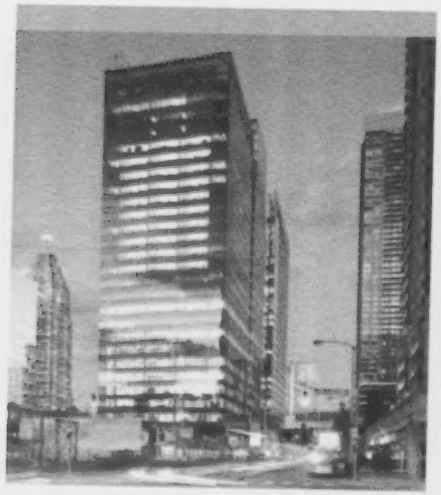
Larger, mixed-use development of land holdings and repositioning of existing assets is the basis of our reshaped real estate program. Large-scale projects, primarily within North America, may combine residential, office, and retail components.

Investing directly allows us to create value through our platform companies – privately-held, well-managed, quality companies with the potential to expand their business. We work closely with management, overseeing long-term strategies and governance practices. This allows us to commit additional capital to foster growth and enduring businesses.

WHAT CHANGES WILL OUR CLIENTS SEE?

We are expanding our infrastructure team, adding development expertise to our real estate group, and strengthening our insight into business and governance practices. These initiatives support an active private market investment strategy that fosters dynamic relationships – broadening our program's scope and enhancing our ability to execute within a complex environment.

bcIMC seeks opportunities for direct, sizable, long-term investments in REAL **ASSETS** that will benefit from our active involvement. As our pension plan clients have long-term investment horizons, these investments often extend beyond 20 years.



- **SOUTHCORE FINANCIAL CENTRE,** set for completion in 2014, is our first large-scale mixed-use development and marks the new direction for our real estate portfolio. The SFC complex encompasses 1.8-million square feet over three buildings: a 45-storey four-star hotel – the Delta Toronto – and two class-A office towers. The Bremner Tower targets LEED Gold, and the PwC Tower is one of Toronto's greenest buildings. SFC is well located and connected to the city's main commuter hub. This real asset is fully owned by bcIMC.

- **TIMBERWEST FOREST CORP.** is the largest private timber and land management company in western Canada, with about 810,000 acres of land located mostly on Vancouver Island. We first invested in TimberWest in 2009 by purchasing convertible debentures. We took the company private in 2011 in partnership with the Public Sector Pension Investment Board. bcIMC's nominees on the TimberWest board of directors and our investment staff are actively working with management to develop strategies for sustainable growth.

- **AQUARION WATER COMPANY** is New England's largest investor-owned water utility. Since bcIMC first invested in this company with a consortium of investors in 2007, Aquarion has maintained an active growth strategy, acquiring 41 regulated water utility systems and continuing to improve water quality and network reliability. It has received awards for being a well-operated water utility and environmental steward, and is consistently highly rated for customer service. In 2011 we increased our investment to 45 per cent.

MESSAGE FROM THE CHAIR

We are in a very challenging economic environment – arguably the most challenging in recent memory. It is of utmost importance that bcIMC's Board of Directors oversees a strategic direction for the company that will preserve our clients' capital while also generating the returns to meet their mandates.

The Board is not directly involved in the investment process, but it has an oversight responsibility to ensure that bcIMC's products, services, and people are in place to meet the needs of our clients.

bcIMC's strategy, which is directed by the Chief Executive Officer / Chief Investment Officer and guided by the Board, enables the company to adapt and transform its investment approaches and operations while taking advantages of the opportunities within the changing global context. With this in mind, the Board has three priorities going forward.

The first is continuing to develop our internal expertise. We have a talented team of professionals with considerable investment knowledge and insight into the complexities of the industry. bcIMC has a well-established succession planning program in place, and this will be a "top-of-mind" matter for the Board as management prepares for pending retirements.

Our attention will be on strengthening bcIMC's long-term capacity through focused succession planning, strategic recruitment, and ongoing training and development.

Our second priority is ensuring bcIMC's strategic initiatives continue to enhance our ability to deliver on our core mandate. bcIMC, like other investors, is questioning whether mature markets can deliver the returns in the future that we have seen in the past. We are addressing this question with a current business plan that calls for the expansion of our investment model, a recalibration of investment strategies, and a transformation of our operations.

The Board approves the investment policies that guide the investment activities of our various pooled funds. And in the near future, management will be bringing forward new and/or revised products and policies. We will carefully assess the new initiatives, using our oversight role to make certain that they meet the future needs of our clients.

Our third priority involves the broader issue of whether the time has come to revisit bcIMC's cost structure. bcIMC has always aimed to provide our clients with quality service at a reasonably low cost – a feature that we have and will continue to take great pride in. Yet we are operating in an environment that is more complex than when bcIMC was established. bcIMC's investment activities have also become increasingly complex – our staff manage a global portfolio and invest in real assets. Management is also bringing more of the assets in-house as many of the services provided by external managers can be done by bcIMC at a lower cost.

However, we need to put additional people and processes in place to allow us to adequately support these investment activities and successfully implement our focus areas. We have to expand the bcIMC team by bringing in specialized research and active management skills. We must also upgrade the technology and systems that support our investment processes. These initiatives will put upward pressure on our budget – costs will rise through our efforts to provide additional resources that will help with increasing net returns. Raising costs, while remaining prudent in our budgeting and continuing to provide clients with value-for-money investment services, is an important and complex decision. It requires careful consideration as well as a full discussion with, and input from our clients.

To conclude, I want to recognize the contribution of outgoing Chair Sid Fattedad, who held the position since 2008 and was on the Board since bcIMC's inception in 1999. Sid's presence helped establish the company's culture and tone. I also want to thank Mayor Frank Leonard, who stepped down in January 2012 after serving as a director for five years and as Chair of the Audit Committee since 2007. Frank provided significant leadership in overseeing our financial management and reporting.

We also welcomed two new Board members this year. Ken Woods joined in July 2011 and was appointed Chair of the Audit Committee in March 2012. Dennis Blatchford joined the board in March 2012, appointed by the Municipal Pension Board of Trustees. Both bring broad business experience to the Board.

This, my first year as Chair of the bcIMC Board of Directors, has been a fulfilling experience. We have a strong Board and a very capable management team who are committed to responsible and prudent investment management in this challenging period.

Rick Mahler
Chair

REPORT FROM THE CEO/CIO

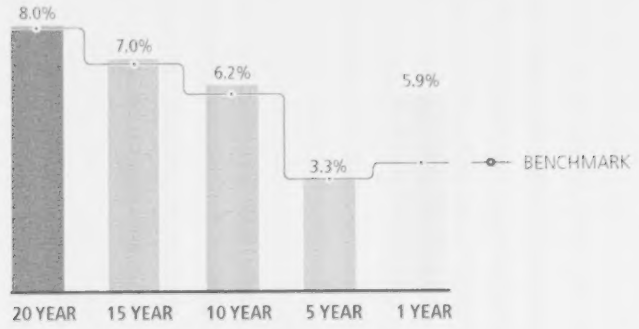
Europe drove capital market and investor sentiment throughout 2011-2012.

Investor confidence was significantly affected by the European banking and sovereign debt crises. There were concerns about the impact that the possible bankruptcy of Greece or Portugal would have on other highly-indebted euro-zone countries. Could there be another seize-up in credit markets? Would there be a free-fall in capital markets, similar to what happened after Lehman Brothers declared bankruptcy in 2008? These questions continue to dominate the markets and our thoughts.

Many developed economies remain highly indebted, posing significant fiscal challenges for their governments. As we have already seen in France and Greece, public discomfort with austerity measures sets the groundwork for political change. By November 2012, 12 countries representing about 50 per cent of the global economy will have held an election. Germany, Italy and Japan will also go to the polls in 2013. When governments become bigger forces within their economies, political decisions and changes significantly affect markets, economic growth and investment activities. Anticipating geopolitical events is becoming increasingly important.

INVESTMENT RETURNS bcIMC worked hard to manage our clients' collective portfolios of $92.1 billion within a volatile and dynamic landscape. For the year ending March 31, 2012, our clients' combined pension return was 5.9 per cent against a combined market benchmark of 3.8 per cent. Returns, especially over the long-term, are critical to

bcIMC ANNUALIZED PENSION RETURNS
Returns for the periods ended March 31, 2012 [1]



[1] Balanced portfolio returns are shown net of fees.

our clients – for every $100 that a pension plan member receives in benefits, over $70 is generated from investment returns, with the remainder coming from pension plan contributions by members and employers.

Given the volatility, returns for the year were slightly below our pension clients' long-term actuarial targets. Yet I am pleased to report that bcIMC's investment activities added $1.4 billion in value, net of fees, over our pension clients' market benchmark for the year ending March 31, 2012. Domestic real estate, private equity and infrastructure were the primary drivers of this value-added performance. These asset classes are almost 25 per cent of our pension clients' portfolios. Strong performance in fixed income and the private market asset classes offset the weaker returns within the global public equity markets.

The global financial crisis and volatile capital markets dominated the last five years, causing many pension funds to struggle. Over this period, bcIMC's five-year annualized return for our combined pension plans was 3.3 per cent, net of fees. When compared to the median investment returns in published balance universes, our clients have fared very well. Our actions during this very challenging time have contributed over $262 million in added value, net of all costs, to our clients' portfolios. As bcIMC invests for the long term, I am pleased that our pension clients have recovered the declines in asset values experienced during the financial crisis.

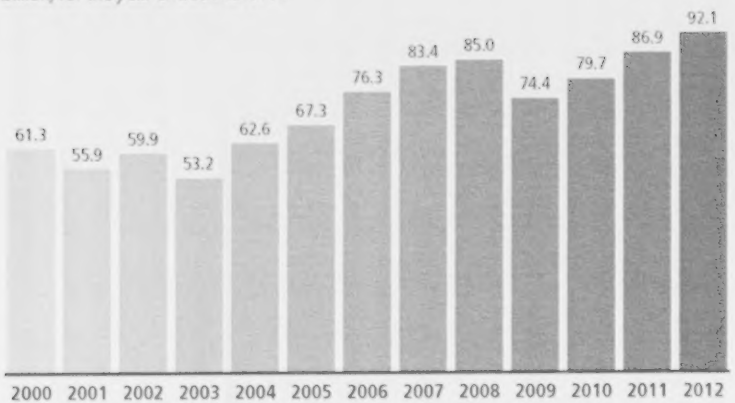
THE YEAR IN REVIEW I am proud that the bcIMC team delivered $1.4 billion in added value while also maintaining the momentum on our longer-term strategic initiatives.

We continued to deploy our clients' capital to new investments. This included committing over $1.1 billion to new mortgage loans and $850 million to private equity investments. We enhanced our clients' strategic and infrastructure portfolio with the acquisition of TimberWest Forest Corp, western Canada's largest private timber and land management company in partnership with the Public Sector Pension Investment Board. We also increased our investment interest in Aquarion Water, a U.S.-based water utility.

Real estate is another focus area. In today's environment, we are well positioned to add value to our portfolio through active development of land holdings, especially for mixed-use purposes. While Southcore Financial Centre in downtown Toronto is

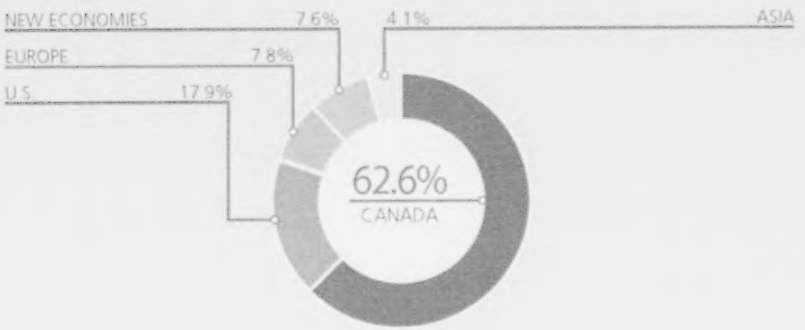
ASSETS UNDER ADMINISTRATION

($ billion) for the year ended March 31



REGIONAL ALLOCATION OF ASSETS UNDER MANAGEMENT

as at March 31, 2012



our first, large scale mixed-use land development, we are currently directing 13 other development projects across Canada with many others in the pipeline. The development potential within our existing real estate portfolio exceeds $5 billion. We will continue to advance development projects as and when we are satisfied that market conditions align with our clients' longer-term objectives.

The expansion of our global equity platform is a strategic initiative that we embarked on in 2008. This year we funded the new Indexed Global Equity Fund and Enhanced Indexed Global Equity Fund. Additional global funds will be added in the near future.

In-house active management is also becoming more important and this year, we launched our first internally managed active mandate within the Active Canadian Equity Fund. We are continually assessing the feasibility of expanding our in-house active equity strategy.

bcIMC believes that responsible corporate behaviour is important to long-term investment returns. Responsible investing is now integrated into the fundamental company analysis done by our Capital Markets Research Group – environmental, social and governance issues are assessed for every company analyzed.

Promoting responsible practices within the industry is also an important aspect. This year we became a founding member of the Canadian Bond Investors' Association, a group that advocates for good governance on bond-related matters while also defending bond investor rights. We also joined forces with RBC Dexia Investor Services and the Canadian Coalition for Good Governance in arranging a Shareholder Voting Symposium. This initiative, which brought together key Canadian parties to discuss proxy voting, has evolved into a two-year collaborative process to address concerns with the proxy voting system.

bcIMC exists because of our clients. Our clients have voluntarily entrusted us with managing their assets. As a result, working in their best financial interests and providing them with quality service has been, and will always be our number one priority. As we continually reinforce the culture of client service, receiving an overall satisfaction rating of 95 per cent from our clients in this year's independent client survey reaffirms our ongoing commitment to our clients.

I am proud of the unqualified audit opinion on our Service Organization Controls Report (Canadian Standard for Assurance Engagements – CSAE 3416). This document describes in detail the controls over our investment system. Our external auditor expresses an opinion on the completeness and effectiveness of those controls each year. bcIMC is not compelled to produce this report – we do this voluntarily to demonstrate a high level of transparency and commitment to our clients. Producing a 3416 Report raises the standards for control awareness, development and compliance. Achieving a clean audit opinion requires significant dedication and commitment from all staff. It is all the more remarkable considering that over 60 individual annual audited financial statements are produced for our pooled investment funds.

On this note, I am satisfied that we have received unqualified audit opinions for all of our pooled investment fund financial statements every year. At the time of writing, 20 sets of December 31, 2011 pooled investment fund financial statements have been issued with clean audit opinions, and another 42 sets of pooled investment fund financial statements are being audited for release in August.

COMPLEXITY Over the last decade, we have seen the world dramatically change. At one point, the position of the U.S. as an economic superpower was unchallenged – China is now a major economic power. Similarly, the launch of the euro in January 1999 symbolized the creation of an economic and monetary union in Europe. Yet the euro-zone crisis has led to questions about the euro's future.

The world is becoming more complex and adaptive. The pace of change is accelerating and the interconnection between capital and non-financial networks is intensifying. Traditional economic, social, political and business environments are being redefined. As this influences how we invest and operate, we need to adapt to this complex global environment.

Generating wealth for our clients is our responsibility. This means we have to protect and grow the retirement savings of the 500,000 members within our clients' pension plans. We cannot lose sight that these individuals depend on us to enhance their bi-weekly contributions. In today's environment, when it is imperative that we independently provide for our own retirements, having strong and financially secure pension plans, such as those of our clients, are important to Canada's well-being.

As a result, "returns, returns, returns" are our focus. Generating wealth begins with challenging ourselves. This starts with our investment beliefs and our asset allocation decisions. We need to look beyond fixed income as the foundation of a portfolio. While public markets will continue to be the core (whether it is cash, public equities or fixed income) of our clients' portfolios, added emphasis must be given to the private markets.

Active management of privately-held assets will also become more important. We are expanding our in-house real estate and infrastructure teams and deepening our expertise in governance and business matters. We are strengthening relationships with our agents – our business managers and partners must understand our beliefs and expectations, as well as their role in contributing to the well-being of our clients and their pension plan members.

LOOKING FORWARD Over the next few years, we expect that global economic growth will gradually pick up. In the year to come, the overhang of debt and the process of governments, financial institutions and households putting their finances on a sounder footing will constrain economic growth in the near term.

The strength of corporate balance sheets outside the financial sector is a positive factor. It provides the potential for greater economic growth; however confidence in public policy and the financial system must first be strengthened.

Outside the financial and economic arena, the upcoming elections in many countries – as well as developments in the Middle East – pose risks and opportunities. After simmering down in early 2012, capital market volatility has returned due to euro-zone stresses and concerns about contagion effects. The threat of a liquidity crisis in Europe has abated, but banking solvency, fiscal developments and geopolitical concerns continue to weigh on markets. Sound monetary and fiscal policy and a prudent but sensible degree of financial regulation – in Europe, the U.S. and elsewhere – will minimize further disruptions to markets and the financial system.

ACKNOWLEDGEMENTS Once again, the support received from the bcIMC Board and our clients has been invaluable.

I want to recognize Sid Fattedad, who stepped down as Chair of the Board in April 2011. Sid was amongst our first Board directors and played a significant role in bcIMC's development and governance. Mayor Frank Leonard's five-year contribution to the Board also cannot go unnoticed. During his term, Frank provided significant leadership to the Audit Committee and sound strategic insight into Board governance matters. I thank both gentlemen for their involvement.

A warm welcome goes to Rick Mahler, our current Chair of the Board. His experience in serving on corporate boards, along with his expertise in the areas of public capital markets, mergers and acquisitions, and business partnerships, makes him a vital addition to bcIMC.

Chuck Swanson, who was Vice President, Real Estate and established bcIMC's real estate program, retired in December 2011. Chuck was part of the original group of staff that transitioned from the Office of the Chief Investment Officer – a division of the provincial Ministry of Finance and Corporate Relations – to the newly created bcIMC in 2000. At the time of his retirement, the gross value of the real estate portfolio was $14.4 billion.

We wish Chuck the best in his retirement and welcome Mary Garden as the new Vice President, Real Estate. Under Mary's leadership, we will see an expanded real estate program with additional emphasis on value-added development.

Last but not least, I want to acknowledge both the commitment and pride of all bcIMC staff. There is good momentum and enthusiasm in our company – the recent expansion of the team has brought in new energy, ideas and thinking. These are all good qualities to have when looking for opportunities within an increasingly complex world.

Doug Pearce
Chief Executive Officer / Chief Investment Officer

Management's Discussion and Analysis

About bcIMC

The British Columbia Investment Management Corporation (bcIMC) was created in 1999 as an independent organization under the *Public Sector Pension Plans Act*. We provide fund management services to clients within British Columbia's public sector. We invest in money markets, fixed income, mortgages, real estate, public and private equity, and infrastructure. bcIMC offers competitive fees and operates on a cost-recovery basis.

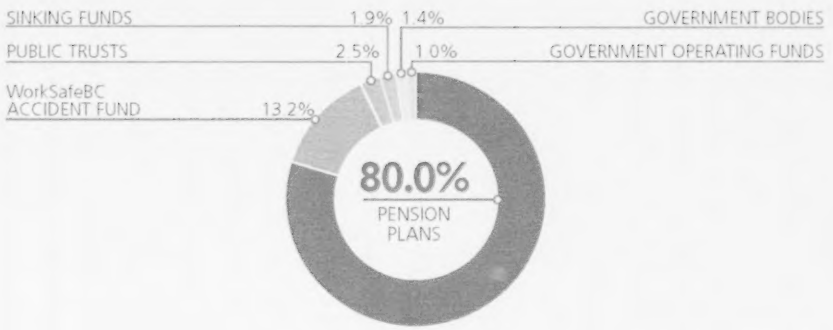
OUR CLIENTS Public sector pension funds form our largest client group: these include the Municipal Pension Plan, Public Service Pension Plan, Teachers' Pension Plan, College Pension Plan, BC Hydro Pension Fund, and WorkSafeBC Pension Fund. Our clients also include publicly administered trust funds, public bodies, and government operating funds.

Our investment activities help to finance the retirement benefits of more than 500,000 pension plan members, as well as insurance and benefit funds that cover over 2.3 million workers in B.C.

We are prudent in managing our clients' varied mandates – which range from money markets to large diversified portfolios – while providing a range of investment products to suit their objectives. Our clients approve investment objectives, asset allocations, and performance targets. While we consult and advise our clients on these matters, their decisions establish policy benchmarks and the framework for us to apply our discipline. Through the portfolio management process, clients' funds are invested in a mix of asset classes that reflects the individual client's investment objectives and risk tolerance.

For pension plan clients, we seek value-added returns with an investment horizon that can exceed 30 years. Pension funds have long-term investment horizons and generally positive cash flows. This allows our clients to take greater market and liquidity risk to enhance their long-term returns and reduce costs.

CLIENT PROFILE as at March 31, 2012



For clients such as public bodies, which have shorter investment horizons, we manage their assets in line with the client's investment horizon and risk appetite. Some clients may prioritize capital protection, while others may look for liquidity and short-term performance.

bcIMC has long-standing relationships with the clients who have chosen to entrust us with their funds. We are directly accountable to our clients for investment returns.

OUR INVESTMENT DISCIPLINE As of March 31, 2012, our assets under management totalled $92.1 billion, an increase of $5.2 billion from a year earlier.

Our investments are diversified by asset class, region, and style. We manage 63.9 per cent of the assets in-house. A global network of best-in-class asset managers assists with the management of the remaining funds.

bcIMC is one of Canada's largest institutional investors.
We invest in quality assets on a global basis on behalf of our clients.

Our investment decisions are based on the best financial interests of our clients. We follow a strategic investment discipline that will help us meet our clients' investment objectives. As capital markets are impacted by long-term themes and sector trends, we adopt a long-term perspective. Our approach is prudent. We make limited use of leverage, do not short sell equities, and use derivatives primarily for risk reduction and cash management purposes. We manage market risks by focusing on discipline, due diligence, and diversification. We actively manage our direct investments and portfolio companies.

We are a responsible investor, committed to incorporating environmental, social, and governance considerations into our investment processes as a way to improve long-term returns to our clients and their beneficiaries.

To safeguard our clients' assets, we focus on stewardship and long-term value creation. We believe that skills matter and that best results are achieved by firms that adhere to the highest ethical standards in their activities. We strive to select the best-in-class business partners with specialized expertise and who adhere to the highest ethical standards.

OUR INVESTMENT FUNDS The pooled investment fund is the primary investment vehicle offered to our clients. A pooled fund, similar to a mutual fund, allows clients' investment dollars to be combined and invested in securities and other assets. This structure provides economies of scale, allowing clients to obtain a more diversified portfolio at lower costs than by investing individually.

bcIMC's global product line encompasses 65 pooled funds diversified by asset class, region, and style. As the global capital markets evolve, we continue to adapt our product range to ensure our clients can benefit from new investment opportunities.

ASSETS UNDER ADMINISTRATION for the year ended March 31, 2012

	$ BILLION	%
GLOBAL EQUITIES	23.5	25.6
BONDS	22.1	24.0
CANADIAN EQUITIES	13.8	15.0
REAL ESTATE [1]	13.3	14.4
STRATEGIC INVESTMENTS & INFRASTRUCTURE	4.8	5.3
NEW ECONOMIES EQUITIES (EMERGING)	4.1	4.4
PRIVATE PLACEMENTS	4.1	4.4
MORTGAGES	3.8	4.1
SHORT-TERM SECURITIES [2]	2.4	2.6
CURRENCY HEDGING	0.2	0.2
TOTAL	**92.1**	**100.0**

[1] The gross real estate value is $16.7 billion.

[2] The total value of short-term securities does not reflect the money market securities held in the pooled funds of other asset classes, which amounted to $1.1 billion as of March 31, 2012.

About bcIMC

OUR STRATEGIC FOUNDATION bcIMC's investment management activities and supporting operations are guided by our Vision, Mission, and Values.

Our business is centred on five pillars: Investment Returns, Risk Management, Responsible Investing, Client Services, and Building bcIMC. We integrate these pillars into our business planning and reporting process to provide a framework for evaluating corporate and staff performance.

OUR VISION

We will be the responsible fund manager of choice for the British Columbia public sector, at the forefront of the industry and consistently exceeding the performance and service expectations of our clients.

OUR MISSION

We are accountable to our clients to provide professional fund management for all asset classes, exercising the highest standards of prudence and fiduciary responsibility. We deliver to our clients the highest return for a given level of risk, at a reasonable cost, while recognizing our responsibility to the broader society through our governance, social and environmental related activities.

OUR VALUES

Respect: We treat others with courtesy, professionalism and dignity.

Integrity: We act fairly and ethically in all our dealings.

Honesty: We are sincere and candid in our accountability to clients and other stakeholders.

Trust: We earn client confidence by acting with prudence, diligence and transparency.

PILLAR ONE:

Investment Returns

Capital markets were impacted by three issues – the "Arab Spring," another rise in commodity prices, and the ongoing European debt and banking crisis.

Capital Markets Overview

Generally, it was another year of upheaval, uncertainty, and disappointment in global financial markets. Predictions at the beginning of the year were for an initial pickup in global growth, followed by a slower pace of growth in the second half as the fiscal stimulus faded and austerity kicked in. However, lingering impacts of the political upheaval in the Middle East and the earthquake and tsunami in Japan, combined with the widening of the European sovereign debt and banking crises, changed all of that.

The Arab Spring turned into a year of protest against autocrats and a plea for people's voices to be heard. Aided by social media, it swept the leaders of Tunisia, Egypt, and Libya from power and threatened autocracies, throughout the Middle East and North Africa.

Political upheaval boosted the prices of oil and other commodities. As central banks in fast-growing economies such as China and India tried to offset the slowdown in trade with the U.S., Japan, and Europe, stimulative monetary policies quickly translated into higher prices for food and energy. In response, the authorities in many of these "growth" markets then applied the brakes.

With capital markets already uncertain, the spring of 2011 saw Greece return to the headlines as a showdown loomed over whether it could meet its debt obligations. The interconnectedness of banks across borders and their cross-country holdings of government debt caused the Greek situation to evolve into both a euro-zone sovereign debt crisis and a banking crisis.

The threat posed by the twin European crises caused all asset markets to trade in sync. When perceptions of risk rose, investors sold stocks and fled to the perceived safety of the

U.S. Treasury bonds. On days when the perceived risk fell, flows reversed towards riskier assets. This extreme volatility drove many retail investors from the market and frustrated investment professionals trying to select winning investments on the basis of individual company fundamentals. However, the euro-zone crisis dominated all other considerations.

Legislators and financial regulators continued to impose tougher regulation and capital standards for banks. Public policy aimed to reduce the impact of any bank failures on the financial system and minimize taxpayer exposure. But the financial industry protested, arguing that tougher regulatory standards in a weak economy would make it even more difficult for individuals and small businesses to obtain credit. This dispute further eroded confidence in the markets and political systems. The U.S. debt limit debate and the country's subsequent downgrade in August further damaged sentiment.

Investment Returns

An echo of the Arab Spring was heard in October when "Occupy Wall Street" spread from New York to other cities around the world. It became identified with the growing inequality between the one per cent at the top end of the income distribution and the other 99 per cent.

In December, the European Central Bank's provision of liquidity to banks reduced the likelihood of a credit meltdown and a resulting global recession. And three consecutive months of solid employment gains suggested the U.S. economy was gaining momentum.

With the worst-case scenario off the table, global equity markets improved during January and February of 2012. But as 2011–2012 ended, concerns over Iran's nuclear program caused oil prices to rise again. And the Syrian conflict raised the prospects of further Middle East upheaval. With hints of more financial trouble in Europe, analysts pondered whether the markets had already made all of their gains for the year.

As elections and political transitions in 2012 may impact the capital markets, bcIMC remains cautious. We expect equities to be flat for much of the year and interest rates should remain low as debt reduction continues to affect the economy. Fortunately, markets have shown more resilience to shocks than they did in 2010–2011.

Pooled Fund
Annualized Returns and Benchmarks

Fixed Income

Annualized returns and benchmarks (%) for the periods ended March 31, 2012.
Benchmarks are presented in blue. Pooled fund returns, net of fees, are in black.

SHORT-TERM	20 Year	15 Year	10 Year	5 Year	3 Year	1 Year
Short-Term Fund One	3.7	3.1	2.3	1.7	0.7	1.0
DEX 30 Day Treasury Bill Index	3.5	2.9	2.2	1.5	0.6	0.9
Short-Term Fund Two	4.0	3.3	2.6	2.1	0.9	1.2
DEX 91 Day Treasury Bill Index	3.8	3.1	2.4	1.8	0.7	0.9
Short-Term U.S. Fund Three	2.5	0.8	(2.7)	(1.6)	(7.4)	2.7
Citigroup 30 Day Treasury Bill Index	2.1	0.4	(2.9)	(1.9)	(7.4)	2.8
Short-Term Bond Fund	–	5.2	4.7	4.5	2.7	4.2
DEX Short-Term Government Bond Index	–	5.1	4.7	4.6	2.8	4.1
MORTGAGES						
Fixed-Term Mortgage Fund	–	7.2	6.8	6.4	7.5	7.0
DEX Short Term Bond Index +1%	–	6.4	6.0	5.9	4.7	5.5
Construction Mortgage Fund	–	6.4	5.9	5.5	4.8	4.5
DEX One Year Treasury Bill Index +1%	–	4.7	4.1	3.8	2.3	2.5
Mezzanine Mortgage Fund	–	–	8.6	9.1	7.7	3.6
DEX One Year Treasury Bill Index +2.5%	–	–	5.6	5.3	3.8	4.1
BONDS						
Canadian Universe Bond Fund	–	–	–	6.5	7.8	10.1
DEX Universe Bond Index	–	–	–	6.1	6.6	9.7
Global Government Bond Fund	–	–	–	–	–	7.8
JP Morgan Government Bond Index Global (Hedged C$)	–	–	–	–	–	8.2
Canadian Real Return Bond Fund	–	–	–	–	–	15.9
DEX Real Return Bond Overall Index	–	–	–	–	–	16.4

Public Equities

Annualized returns and benchmarks (%) for the periods ended March 31, 2012, except where noted. Benchmarks are presented in blue. Pooled fund returns, net of fees, are in black.

CANADIAN EQUITIES	20 Year	15 Year	10 Year	5 Year	3 Year	1 Year
Indexed Canadian Equity Fund	9.1	7.7	7.5	1.4	14.9	(9.9)
S&P/TSX Equity Index	9.0	7.3	7.2	1.0	14.7	(10.2)
Enhanced Indexed Canadian Equity Fund	–	–	–	1.7	14.9	(9.3)
S&P/TSX Capped Equity Index	–	–	–	1.0	14.7	(10.2)
Active Canadian Equity Fund	9.7	8.1	7.0	1.1	15.7	(8.4)
S&P/TSX Capped Equity Index	9.3	7.7	7.2	1.0	14.7	(10.2)
Active Canadian Small Cap Equity Fund	–	–	–	–	27.0	(7.7)
S&P/TSX Small Cap Equity Index	–	–	–	–	25.8	(17.4)
GLOBAL EQUITIES						
Indexed Global Equity Fund [1]	–	–	–	–	–	–
MSCI World ex-Canada Net Index	–	–	–	–	–	–
Enhanced Global Equity Fund [2]	–	–	–	–	–	–
MSCI World ex-Canada Net Index	–	–	–	–	–	–
Active Global Equity Fund	–	–	–	–	–	1.3
MSCI World ex-Canada Net Index / MSCI World Net Index [3]	–	–	–	–	–	3.9
Indexed U.S. Equity Fund	–	3.9	(0.6)	(0.8)	14.3	11.5
S&P 500 Total Return Index	–	3.8	(0.6)	(0.9)	14.2	11.5
U.S. Social Index Fund	–	–	–	(0.5)	13.5	12.3
MSCI KLD 400 Social Index	–	–	–	(0.4)	13.6	12.4
Enhanced Indexed U.S. Equity Fund	–	–	(0.7)	(1.2)	14.3	11.6
S&P 500 / Russell 1000 Total Return Index	–	–	(0.5)	(0.9)	14.2	11.5
Active U.S. Equity Fund	–	4.0	(0.4)	(1.1)	13.5	6.8
Russell 1000 Total Return Index	–	4.2	(0.2)	(0.7)	14.8	10.8
Active U.S. Small Cap Equity Fund	–	–	–	–	15.8	2.1
Russell 2000 Total Return Index	–	–	–	–	17.5	2.6
Indexed European Equity Fund	–	–	–	(6.3)	9.3	(4.6)
Enhanced Indexed European Equity Fund	–	–	–	–	8.1	(5.1)
Active European Equity Fund	–	–	–	(8.5)	7.3	(7.5)
MSCI Europe Net Index	–	–	–	(6.7)	8.9	(5.0)
Indexed EAFE Equity Fund	–	–	–	(5.9)	8.7	(2.9)
Enhanced Indexed EAFE Equity Fund	–	–	–	–	8.1	(4.3)
Active EAFE Equity Fund	–	–	–	(5.8)	11.4	0.1
MSCI EAFE Net Index	–	–	–	(6.2)	8.5	(3.2)
Active Asian Equity Fund	–	–	–	–	16.1	(4.2)
MSCI All Country Asia Pacific ex-Japan Net Index	–	–	–	–	15.6	(4.4)
Indexed Asian Equity Fund	–	–	–	–	–	0.7
MSCI Pacific Net Index	–	–	–	–	–	0.7
NEW ECONOMIES EQUITIES						
Active Emerging Markets Equity Fund	–	–	–	–	14.8	(2.0)
MSCI Emerging Markets Net Index	–	–	–	–	15.8	(6.3)

[1] The Indexed Global Equity Fund was funded on December 7, 2011.

[2] The Enhanced Global Equity Fund was funded on August 23, 2011.

[3] The Active Global Equity Fund benchmark was changed to the MSCI World ex-Canada Net Index on July 1, 2011.

Private Placements, Real Estate, and Strategic Investments and Infrastructure

Annualized returns and benchmarks (%) for the periods ended March 31, 2012, except where noted. Benchmarks are presented in blue. Pooled fund returns, net of fees, are in black.

PRIVATE PLACEMENTS	20 Year	15 Year	10 Year	5 Year	3 Year	1 Year
Private Placement Program [4]	–	5.4	5.4	4.5	10.1	9.0
MSCI All Country World Net Index +2% / BMO Small Cap Index 10 Year Annualized +4.5%	–	12.3	12.8	8.8	7.2	(2.9)
REAL ESTATE						
Realpool Domestic	9.6	10.6	10.5	7.0	9.3	16.5
Canadian CPI +4%	5.9	6.0	6.1	5.8	6.2	5.9
Realpool International [4]	–	–	0.1	(7.1)	(9.2)	4.6
Canadian CPI +7% [4]	–	–	9.1	8.9	9.0	9.3
STRATEGIC INVESTMENTS AND INFRASTRUCTURE						
SIIF (Combined Program)	–	–	–	8.0	12.1	10.0
Canadian Public Equity	–	–	–	1.1	19.3	(6.7)
Private Placements [4]	–	–	–	12.0	12.0	16.7
Real Estate [4]	–	–	–	(2.1)	(2.8)	5.8
8% Nominal Benchmark	–	–	–	8.0	8.0	8.0

[4] The Private Placement, Realpool International, and Strategic Investments and Infrastructure assets (with the exception of the public equities component) are illiquid in nature, and as such, they are valued annually at December 31. The illiquid asset returns are calculated as at December 31, 2011 using the Horizon Internal Rate of Return methodology. These returns reflect the combined activity in all the vintage year pooled funds and WorkSafeBC Accident Fund's segregated investments for the performance period. Benchmark returns are calculated using the Time Weighted Rate of Return methodology. At the time of publishing the annual report, the returns for the illiquid assets are unaudited.

Fixed Income

With $24.7 billion in fixed income and money market securities, bcIMC is a leading participant in the Canadian capital markets.

OUR APPROACH We actively manage seven fixed income and money market pooled funds diversified by investment mix and duration. Participating clients may invest in global and Canadian government and agency bonds, investment-grade corporate securities, and real return bonds issued by Canadian federal and provincial governments.

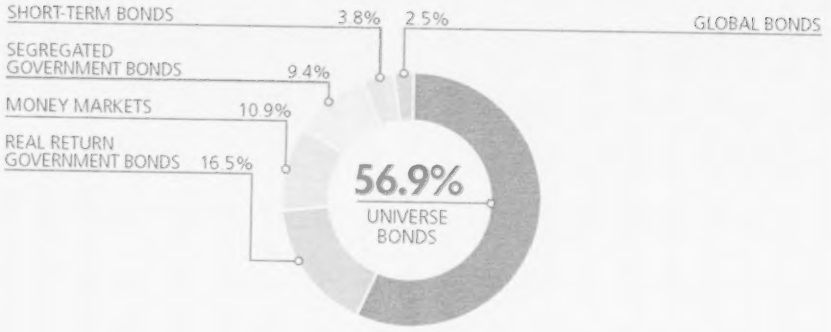
We use a combination of strategies that include duration timing, securities selection, and yield curve positioning to actively manage our portfolios. Issuers within our pools are assessed and reviewed regularly for default and credit risk. We use internally and externally produced credit ratings to assess the investment risk. Credit limits, set for all approved issuers, also help to mitigate risk.

Our Canadian Universe Bond Fund, valued at about $15 billion, allows us to be a lead participant on many new corporate issues. bcIMC may often be involved in the pricing of these issues, and our size helps ensure we receive good fills on our orders – both outcomes that benefit our clients.

bcIMC actively manages more than $27 billion of foreign currency exposure. We opportunistically hedge the pound, the euro, the yen, and the U.S. dollar when we feel that these currencies will weaken against the Canadian dollar. We assess the impact of geopolitical, technical, and fundamental factors on the relative value of each currency. This year we continued to hedge the euro and the yen. The euro ended the year down 3.7 per cent against the Canadian dollar while the yen appreciated 3.4 per cent.

PERFORMANCE ANALYSIS Fixed income returns were strong for the year. Interest rates fell to record levels in response to the euro-zone crisis and the threat of a global recession. Yields for ten-year bonds in the U.S. and Canadian markets fell from 3.5 per cent to a record low of 1.8 per cent. As corporate spreads stabilized during the year, investors allocated additional capital to investment-grade corporate bonds.

FIXED INCOME PORTFOLIO Assets as at March 31, 2012 [1]



[1] The Fixed Income department also manages money market securities for all other asset classes. This amounted to $1.1 billion as of March 31, 2012.

Returns for our short-term money market funds were steady. Short-Term Fund Two, made up of Canadian government and corporate debt securities, returned 1.2 per cent against a benchmark of 0.9 per cent. This is primarily the result of the Bank of Canada holding the overnight rate steady at 1 per cent.

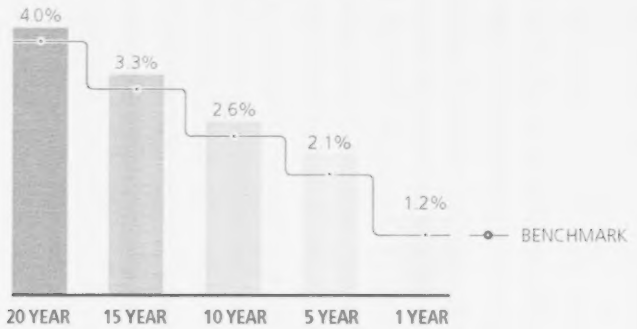
The Canadian Universe Bond Fund returned 10.1 per cent over the one-year period. The fund's duration calls and corporate holdings contributed to the strong performance. Over a five-year period, the fund has returned 6.5 per cent against a benchmark of 6.1 per cent.

Although the Canadian Real Return Bond Fund returned 15.9 per cent for the year, it underperformed its benchmark by 0.5 percentage points. A short duration position in an environment where real yields rallied into negative territory contributed to the performance.

Fixed income investments account for
26.8 per cent of assets under management.

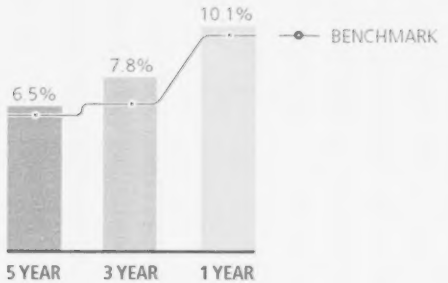
SHORT-TERM FUND TWO PERFORMANCE

Annualized returns for the periods ending March 31, 2012 [1]



CANADIAN UNIVERSE BOND FUND PERFORMANCE

Annualized returns for the periods ending March 31, 2012 [1]



The euro-zone crisis continued to affect the performance of the Global Government Bond Fund. The fund returned 7.8 per cent against a benchmark of 8.2 per cent. As a precaution against potential default, we eliminated our exposure to Italy and Spain.

LOOKING FORWARD We believe that interest rates over the next year will closely match the rates that we saw in 2011–2012, with a possibility of edging slightly higher. Ongoing concerns about the European situation and the potential for higher oil and gas prices may slow economic growth. Central banks are unlikely to raise interest rates within this environment. As a result, low returns on bond investments should be expected.

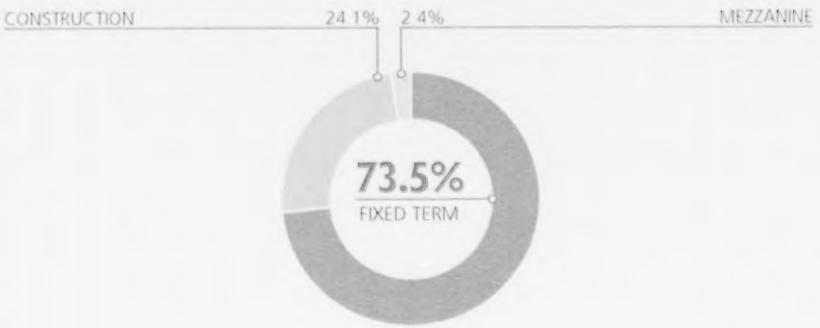
Looking longer term, central banks will begin increasing short-term interest rates and tightening monetary policies as the European situation stabilizes and the U.S. economy continues to improve. Longer-term interest rates will also move higher. Within this environment, fixed income returns may be low, or potentially even negative.

[1] For full details, see **Pooled Fund Annualized Returns and Benchmarks** on page 21.

Mortgages

With a portfolio valued at $3.8 billion, bcIMC is a significant lender to Canada's well-established real estate industry.

MORTGAGE HOLDINGS BY FUND TYPE as at March 31, 2012



MORTGAGE HOLDINGS BY PROPERTY TYPE as at March 31, 2012 [1]

[1] Based on commitment

OUR APPROACH Mortgages are an attractive hybrid asset that combines a monthly-paying fixed income investment with the security of revenue-producing real estate. Risk-averse characteristics include the appreciation over time of the underlying real estate security and the depreciation monthly of the security-at-risk (the mortgage balance) through amortization.

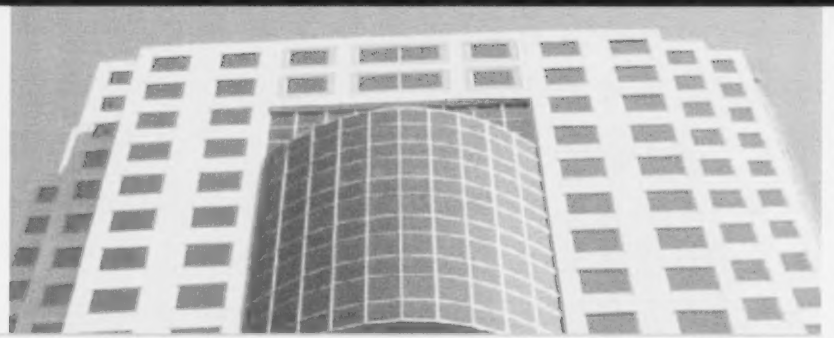
We have three pooled mortgage portfolios: the Fixed-Term Mortgage Fund, the Construction Mortgage Fund, and the Mezzanine Mortgage Fund. Our funds are diversified by loan size, geography and property type. We focus on industrial, office, apartments, and retail real estate. All loans are based in Canada and do not include single family dwellings.

All three funds are actively managed and serviced in-house. Although our investment strategy is conservative, we are opportunistic and seek to capitalize on bcIMC's competitive advantages within the Canadian mortgage market. We look for high-yielding investments that provide attractive security and risk parameters.

To help mitigate risk, we are significantly involved in activities that include detailed underwriting and credit and financial analysis of all borrowers, guarantors, and major tenants. We continue to enhance our risk management processes. Given the current environment, we are more conservative when underwriting new mortgage investments.

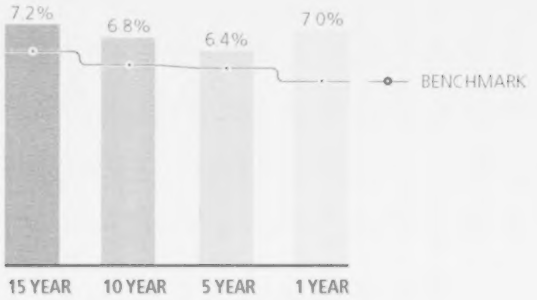
Mortgage servicing includes overseeing all payments, discharges, cash flows, insurance expiries and borrower property tax payments. We do not securitize any of our loans.

We provided fixed-term mortgage financing for 201 Portage, a prestigious 32-storey office tower in Winnipeg, Manitoba.



FIXED-TERM MORTGAGE FUND PERFORMANCE

Annualized returns for the periods ending March 31, 2012 [1]



[1] For full details, see **Pooled Fund Annualized Returns and Benchmarks** on page 21.

PERFORMANCE ANALYSIS Once again this year, banks, life insurance companies, pension funds, and other lending participants had a significant supply of capital and were actively looking to finance mortgage investments. Even though lenders had significant capital to invest, historically low interest rates increased borrower demand and mortgage spreads did not significantly decrease to their pre-recession lows. Ongoing concerns about the global markets and the potential impact on the Canadian economy contributed to the pressure on mortgage spreads.

Our mortgage investments continued to deliver strong returns. We committed more than $1.1 billion to new loans this year, many of which have attractive interest rate floors that protect our clients against potential decreases in interest rates. As a significant individual lender capable of financing large developments, borrowers are often willing to pay a premium to deal with one lender for financing rather than deal with a multi-lender syndicate. This provides bcIMC with a competitive advantage, allowing us to negotiate mortgage transactions that are in our clients' best financial interests.

Our Fixed-Term Mortgage Fund had a strong year, returning 7.0 per cent over a one-year period against a benchmark of 5.5 per cent. The interest rate floors on many of the new mortgages, and the absence of loan loss provisions in this fund, contributed to its performance. Over a 15-year period, this fund has returned 7.2 per cent.

It was a more challenging year for the Mezzanine Mortgage Fund. A conservative loan loss provision contributed to its underperformance by (0.5) percentage points over a one-year period. However, over a 10-year period, the fund's return of 8.6 per cent has exceeded its benchmark by 3 percentage points.

The Construction Mortgage Fund had pleasing results, exceeding its one-year benchmark by 2 percentage points. Favourable interest rates floors and the absence of loan loss provisions contributed to the returns. Longer term performance over a 15-year period also remained positive for participating clients at 6.4 per cent, exceeding its benchmark by 1.7 percentage points.

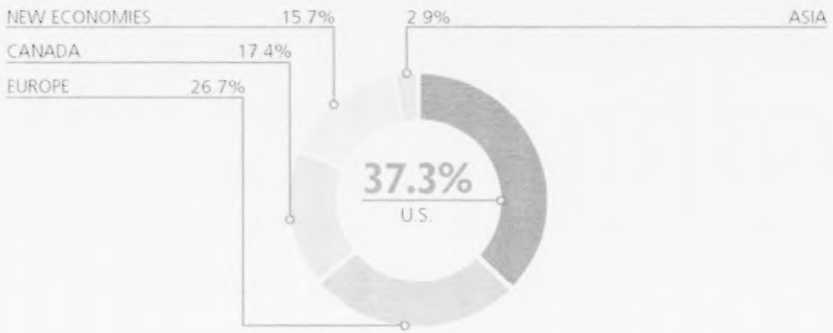
LOOKING FORWARD We anticipate that the combination of a low inflationary environment and ongoing uncertainty about the global economy will keep interest rates low for the next 18 months. With real estate values at record high levels, mortgage lenders will likely be more cautious in advancing new financing transactions.

This low interest rate environment may challenge our ability to obtain attractive mortgage investments while maintaining our prudent approach. Although this could impact returns in the immediate future, bcIMC will continue to seek high-yielding mortgages with attractive risk-return profiles.

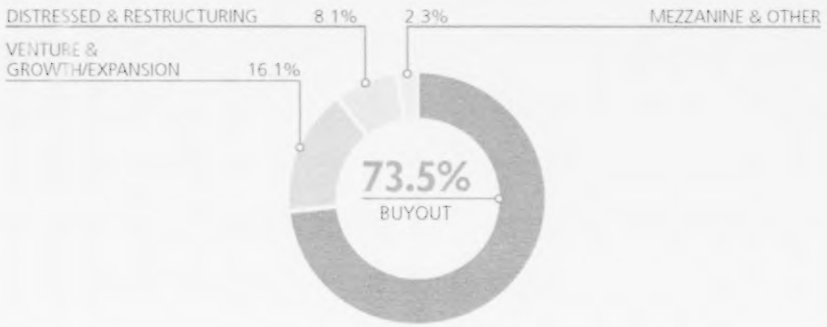
Private Placements

bcIMC is one of Canada's leading private equity investors – our $4.1-billion portfolio invests on a global basis and is diversified by sector and strategy.

REGIONAL DISTRIBUTION OF PRIVATE PLACEMENTS as at March 31, 2012



PROGRAM DIVERSIFICATION BY FINANCING TYPE as at March 31, 2012



OUR APPROACH Our private equity program focuses on building and managing a portfolio of privately financed investments that generate strong long-term returns for our clients. We consider both equity and debt investment opportunities, and invest in a wide range of business sectors. Our portfolio companies utilize our capital to fuel growth for emerging businesses, provide ownership succession for large family-owned businesses, and enable other value-adding strategies. Our capital may also be used to acquire distressed companies that are restructured and improved to generate value for our clients.

Commitments include both externally managed private equity funds and direct principal investments in companies and assets. The portfolio benefits from the sector expertise and regional context of our external managers, while we selectively make direct investments in geographies and sectors where we have deeper knowledge. Frequently our team works alongside our external managers to consider new direct or co-investment opportunities.

This year we committed approximately $120 million to new direct investments. This included a co-investment with Blackstone Capital Partners to acquire Emdeon Inc., a leading provider of revenue and payment cycle management and clinical information exchange solutions in the U.S. healthcare sector. We also co-invested with Advent International to acquire Oberthur Technologies, a leading global provider of smart card and identity solutions.

bcIMC continues to invest with leading private equity managers around the world. We committed close to $730 million, including investments with three new managers with region-specific mandates. Australia, Indonesia, and Turkey were added to our global private equity portfolio.

PERFORMANCE ANALYSIS Private equity investment activity experienced a strong first half of 2011, then slowed considerably into July through December. External managers took advantage, where possible, of a stabilizing North American economy and robust debt markets to exit portfolio companies.

Paris-based Oberthur Technologies provides smart cards for telecom, banking and government, as well as secure identity solutions to governments and institutions around the world.

Although private equity managers returned to the market to raise new funds, investors remained cautious due in part to the euro-zone crisis. Top-performing, institutional-quality managers with proven track records were generally able to raise new funds, yet typically at lower levels than seen in 2006 to 2008.

The program's one-year unaudited return for the year ending December 31, 2011 was 9.0 per cent, exceeding the benchmark by 11.9 percentage points. Program returns were driven primarily by our direct principal investments, mid-market focused buyout funds, and investments in Canada. Solid operating performance and cash flow growth within our portfolio companies contributed to the year-end market values. Emerging markets negatively impacted short-term returns; however, over the longer term these countries as a whole have contributed strong returns.

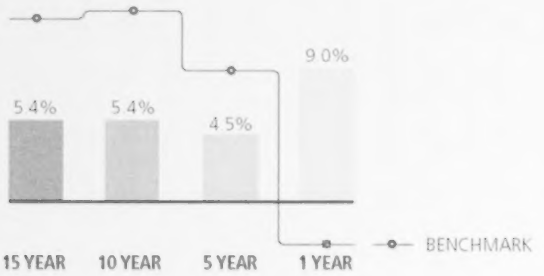
As many of our managers took advantage of the improving market conditions to exit existing investments, distributions exceeded contributions to the portfolio. The sale of portfolio companies and fund realizations allowed our clients to participate in some significant distributions.

Over a 15-year period, the program had a 5.4 per cent annualized return against a benchmark of 12.3 per cent. The returns reflect weaker performance of the earlier program, disappointing returns from equity markets, and structural differences between the benchmark and the underlying investment activity. Since April 2010, the private equity program has been benchmarked against a more representative global equity index (MSCI All Country World plus 2 per cent).

LOOKING FORWARD We expect private equity investors will continue to exit investments made before the recent global financial crisis. This will free up capacity and capital to look for and invest in new opportunities and aid in driving the slow recovery in fundraising. With the current insecurity in European and global markets, investors will likely remain guarded. bcIMC is currently cautious of easy credit markets, particularly in North America, and the impact this may have on leverage levels and the risk profile of new private equity investments.

Although the global economic picture remains uncertain, we believe returns from our external private equity managers will continue to improve and outperform public equity markets. Our direct investment portfolio remains well positioned with significant portfolio exposure to more defensive sectors such as healthcare and our portfolio companies are generally performing in line with our expectations.

PRIVATE PLACEMENTS PROGRAM PERFORMANCE
Annualized returns for the periods ending December 31, 2011 [1,2]



[1] Private Placement assets are illiquid in nature, and as such are valued annually at December 31. Returns are calculated as at December 31, 2011 using the Horizon Internal Rate of Return methodology. Benchmark returns are calculated using the Time Weighted Rate of Return methodology. At the time of publishing, the returns for illiquid assets are unaudited.

[2] For full details, see **Pooled Fund Annualized Returns and Benchmarks** on page 23.

Public Equities

With equity holdings of $41.4 billion, bcIMC is one of Canada's largest institutional investors in the public markets.

OUR APPROACH We have 21 pooled portfolios diversified by investment style and region. We have a mid- to long-term investment horizon (five to 10 years) and follow a prudent investment approach. We apply long-only strategies and use derivative instruments solely for cash management purposes.

Our staff manage 60.5 per cent of the equity portfolio – in the future, we plan to manage more of the assets in-house.

Our internally managed **indexed funds** provide our clients with low-cost portfolios that closely match an equity market index. We carefully manage asset allocations and index changes. Securities are loaned to offset the cost of fund management.

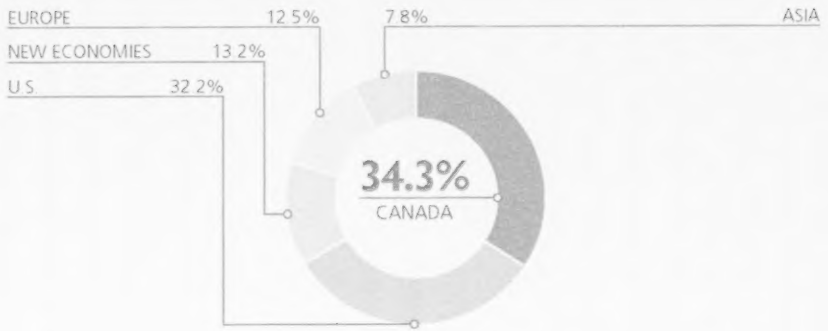
Our **enhanced indexed funds** offer the benefits of active management but with the risk controls of indexing, leading to a moderate level of risk and return. We manage the majority of these assets in-house, and entrust the remainder to external managers.

Our **actively managed funds** intend to provide above benchmark returns and are suitable for clients with a higher risk appetite. External managers manage most of these funds on our behalf using various investment styles. This year we launched our first internally managed active mandate within the Active Canadian Equity Fund.

We adapt our pooled funds to ensure that our clients benefit from the changing characteristics of the equity markets. This year we funded our new Indexed Global and Enhanced Indexed Global Equity Funds. These funds further diversify our suite of global products.

PERFORMANCE ANALYSIS Macroeconomic and geopolitical factors drove global equity markets in 2011–2012. These included the aftermath of the Japanese earthquake and tsunami, the ongoing euro-zone crisis, concerns over inflation in the emerging markets, rising oil prices, and a global economic slowdown. Despite the attractive valuations and the good earnings growth of publicly-traded companies, global concerns dominated investors' decisions during the year.

REGIONAL ALLOCATION OF PUBLIC EQUITIES as at March 31, 2012

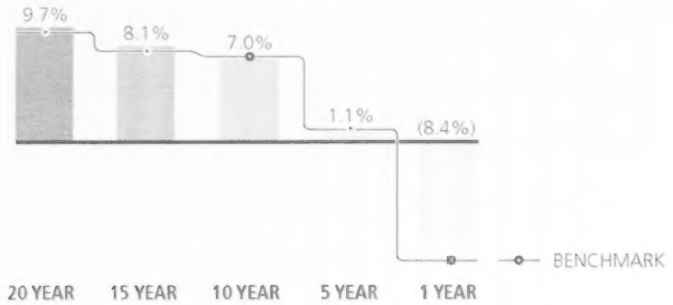


Our indexed funds performed in line with their benchmarks on a one-year and multi-year basis. As these funds are intended to match the risk-return characteristics of their benchmarks, these results were expected.

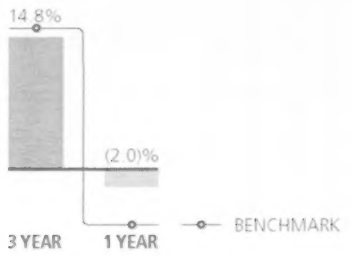
Increased volatility continued to challenge quantitatively-based funds, and returns for our enhanced indexed funds were mixed. Our Enhanced Indexed Canadian Equity Fund and Enhanced Indexed U.S. Fund exceeded the benchmarks of the equity indexes while our European and EAFE funds underperformed.

Public equity investments account for
45.0 per cent of assets under management.

ACTIVE CANADIAN EQUITY FUND PERFORMANCE
Annualized returns for the periods ending March 31, 2012 [1]



ACTIVE EMERGING MARKETS EQUITY FUND PERFORMANCE
Annualized returns for the periods ending March 31, 2012 [1]



[1] For full details, see **Pooled Fund Annualized Returns and Benchmarks** on page 22.

Returns for our active funds were once again mixed. Our Active Canadian Equity Fund exceeded its one-year benchmark by 1.8 percentage points, with our new internally-managed mandate strongly outperforming its performance objectives. Over a 20-year period, the fund has returned 9.7 per cent against a benchmark of 9.3 per cent. Our Active Emerging Markets Equity Fund performed well, returning (2.0) per cent against a one-year benchmark of (6.3) per cent. Performance was driven by two of our global emerging market mandates.

The volatile U.S. markets contributed to the underperformance of the Active U.S. Equity Fund and the Active U.S. Small Cap Equity Fund against their one-year benchmarks. The defensive positions taken by our external managers in a risk-off environment allowed the Active Canadian Small Cap Equity Fund to exceed its benchmark by 9.7 percentage points.

LOOKING FORWARD We expect the macroeconomic challenges to persist for some time. The problems of high debt levels may take many years to resolve, the euro-zone crisis will be repaired over a long period, and economic growth in the mature economies is anticipated to be slow and steady.

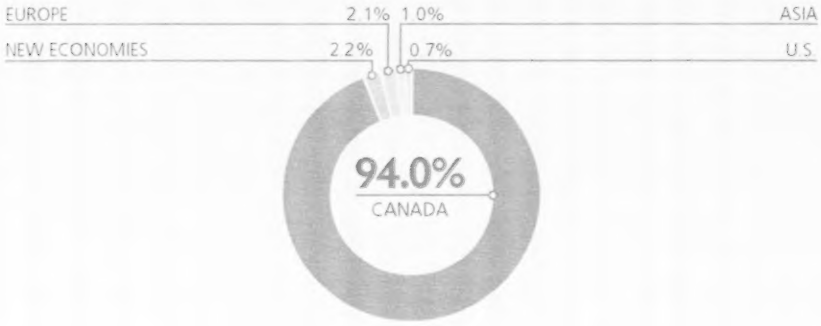
However, the fundamentals of the equity markets – prices, valuations, profit-earnings growth, and monetary and fiscal policy stimulus – support strong future gains. Within this environment, we look to the long-term to guide our investment decisions.

We will continue to increase the percentage of assets managed in-house; our focus is on adding to the actively managed assets. Our internally-managed mandate within the Active Canadian Equity Fund provides a solid base for the expansion of our actively managed funds. To support this, we continue to enhance our analytical skills and broaden the focus of our Capital Markets Research Group.

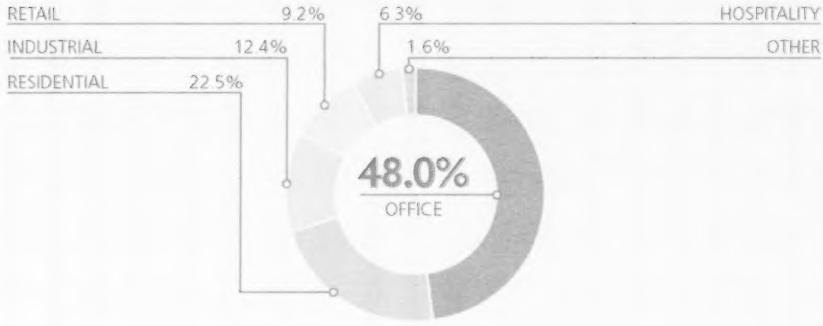
Real Estate

With real estate net assets valued at $13.3 billion, bcIMC is one of Canada's leading property owners and developers. [1]

REGIONAL DISTRIBUTION OF REAL ESTATE PORTFOLIO as at March 31, 2012



DOMESTIC REAL ESTATE ASSETS BY PROPERTY TYPE as at March 31, 2012



OUR APPROACH bcIMC was one of the first Canadian institutional investors to develop a real estate program. We invest for the long-term and focus on future growth through development and value-added real estate. We collaborate with our external managers and other strategically aligned investment partners.

Our **Canadian portfolio** includes institutional grade office, industrial, retail and residential properties, hotels, and real estate management companies. Our focus is on purchasing real assets as well as investing in the development of both existing and new buildings. We believe in responsible property investing, and rely on our external managers to implement our principles throughout our portfolio.

Our developments are large-scale and focus on mixed-land use. We have $1 billion under development through 14 projects across Canada. This includes a 1.5-million–square foot mixed-use development of the Eau Claire Lands in Calgary. The construction of the PWC Tower, a 680,000–square foot office building at Southcore Financial Centre in downtown Toronto, was completed in January 2012. Our portfolio also includes potential development of more than $5 billion.

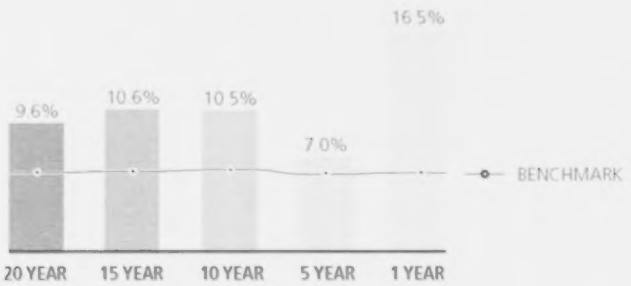
Debt financing is used when there is a sound investment reason. This year we raised $500 million by issuing seven-year bonds to the Canadian markets at a fixed rate of 2.96 per cent. We will use these funds to finance our ongoing real estate developments and acquisitions.

[1] The gross real estate asset value is $16.7 billion as at March 31, 2012.

The new four-star, 567-room Delta Toronto hotel will open in Fall 2014 as part of the Southcore Financial Centre in downtown Toronto.

DOMESTIC REALPOOL FUND PERFORMANCE

Annualized returns for the periods ending March 31, 2012 [1]



[1] For full details, see **Pooled Fund Annualized Returns and Benchmarks** on page 23.

We also collaborate with our platform companies on initiatives that will enhance the company's value. This included the repositioning of two properties in Vancouver and Mississauga, both within the SilverBirch Hotels & Resorts portfolio. The year also saw the start of a two-year project to renovate a number of bcIMC-owned Delta hotels.

Our **international program** diversifies our portfolio by region and investment style. Investments are primarily structured either as limited partnerships or private companies. Our portfolio is invested in funds, with allocations towards Mexico, Europe, and Asia. This year we invested alongside an existing fund manager to acquire a high-quality retail property in the prime retail location in Copenhagen, Denmark.

PERFORMANCE ANALYSIS The Canadian real estate market experienced solid gains during the year. Strong investor demand was driven by well-capitalized real estate investment trusts, institutional investors seeking to fulfill acquisition mandates, and a lack of quality available properties.

Our domestic portfolio continued to deliver strong results with one-year returns of 16.5 per cent. Stable income and respectable capital appreciation throughout our property types contributed to the performance. Over a 20-year period, the portfolio exceeded its benchmark by 3.7 percentage points.

The global recession continued to impact international real estate. Markets that were well-placed to weather the financial crises, such as the U.K. and Germany, performed better than markets in growth regions. For the year ending December 31, 2011, our international program underperformed its benchmark by 4.7 percentage points. Five-year returns also underperformed the benchmark and reflect the impact of the global financial crisis.

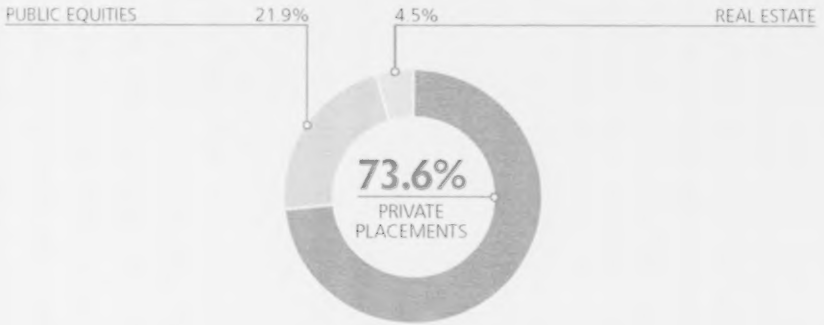
LOOKING FORWARD A relatively steady economy combined with low interest rates and strong investor demand will allow our Canadian portfolio to provide stable income returns with modest appreciation.

Although global real estate markets are showing signs of recovery, the pace of recovery varies by region. These trends will continue to impact the performance of our international program. Rising oil prices, extreme volatility in global financial markets, a lingering euro-zone crisis, and a strong Canadian dollar could impact global real estate.

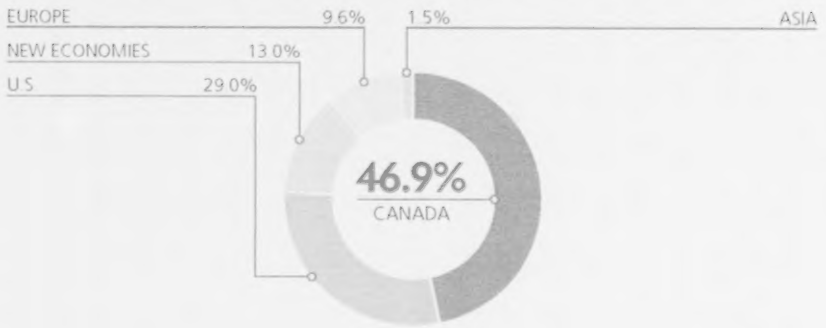
Strategic Investments and Infrastructure

bcIMC's $4.8-billion global portfolio holds long-term private market and publicly listed investments in infrastructure, including regulated utilities and services, transportation, and other strategic assets.

STRATEGIC INVESTMENTS AND INFRASTRUCTURE FUND BY ASSET CLASS
as at March 31, 2012



REGIONAL DISTRIBUTION OF STRATEGIC INVESTMENTS AND INFRASTRUCTURE PORTFOLIO as at March 31, 2012



OUR APPROACH Our primary focus is investing in private market infrastructure. Our portfolio holds investments in water utilities, energy and power, liquids transportation, pipelines, and mass transit. We see these companies and assets as essential services that support and foster regional economic productivity.

We seek opportunities on a global basis and invest in both private and public markets. Transactions may cross traditional asset class boundaries: a single investment may include fixed income, public or private equity, and real estate. We favour stable, cash-yielding assets that have the potential to produce attractive returns at a relatively low level of risk. Preference is given to companies and assets operating in markets with limited competition. Our private market infrastructure investments are primarily long-term, often with forecasted holding periods of 20 years or longer.

We collaborate with investment partners who have aligned interests and expertise, and who share our long-term perspective and investment beliefs. bcIMC has partnered with pension plans, financial institutions, and corporate entities in our infrastructure investments.

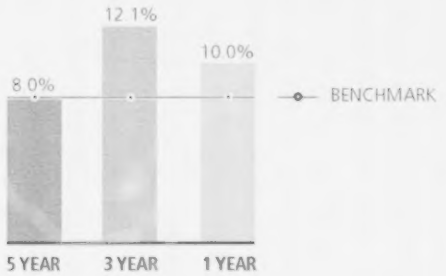
We also invest in companies we consider to be strategic long-term positions that either have the potential to, or currently provide stable cash yields and returns on a long-term basis. These investments are typically listed public companies.

PERFORMANCE ANALYSIS The consolidated program returned 10.0 per cent on a one-year basis, with the private placements and real estate components exceeding their benchmarks. Over a five-year period, the program returned 8.0 per cent against a benchmark of 8.0 per cent.

The private placements component continued to deliver very strong performance on a one-year and multi-year basis. Unaudited returns were 16.7 per cent for the year and

Investments in regulated utilities provide reliable, inflation-protected, long-term cash flows for our clients.

CONSOLIDATED SIIF PROGRAM PERFORMANCE Annualized Returns [1] [2]



[1] Strategic Investments and Infrastructure assets (with the exception of the public equities component) are illiquid in nature, and as such, they are valued annually at December 31. The illiquid asset returns are calculated as at December 31, 2011 using the Horizon Internal Rate of Return methodology. SIIF public equity and benchmark returns are calculated using the Time Weighted Rate of Return methodology. SIIF public equity returns are calculated as at March 31, 2012. At the time of publishing the annual report, the returns for the illiquid assets are unaudited.

[2] For full details, see **Pooled Fund Annualized Returns and Benchmarks** on page 23.

12.0 per cent on a five-year basis. Improving economic conditions, accommodative debt markets, and solid operations had a positive impact on the valuations of our private infrastructure companies and assets. Distributions through the year were robust with the portfolio returning approximately $535 million to clients.

We committed over $910 million to private market investments. We acquired Timber-West Forest Corp., western Canada's largest timber and land management company, in partnership with the Public Sector Pension Investment Board. We also materially increased our ownership in Aquarion Water, a high-quality U.S. regulated water utility.

Our existing portfolio companies had some notable achievements. Corix, in partnership with bcIMC, was successful in its bid to purchase Utilities, Inc., a privately held regulated water and wastewater company with operations across fifteen U.S. states.

The public equity component focuses on publicly traded Canadian companies that have a real asset aspect, such as those within the energy, materials, and transportation sectors. We may also take equity positions on an opportunistic basis in Canadian public companies that display long-term growth potential.

The difficult economic environment combined with the exposure of companies within the Canadian Public Equity Fund to North American and global markets contributed to the one-year return of (6.7) per cent. On a five-year basis, this fund returned 1.1 per cent.

The real estate component has a global mandate and currently holds timber-related assets. Exposure includes direct ownership and an externally managed fund investment in timberlands and related operations. The real estate component returned 5.8 per cent on an annual basis.

LOOKING FORWARD On a long-term basis, we remain optimistic about the need for infrastructure and the performance of the asset class. Globally an estimated US$70 trillion of investment in infrastructure is required by 2030. [1]

In the shorter term, ongoing concerns about the euro-zone crisis and uncertainty about global economic growth may provide both investment opportunities and challenges. In this environment, strategic investments within the program that are publicly listed and have more commodity exposure may demonstrate higher volatility.

[1] Organisation for Economic Co-operation and Development, *Infrastructure to 2030: Telecom, Land Transport, Water and Electricity*, OECD: 2006

PILLAR TWO:

Risk Management

Managing risk is as important as generating returns. Effective management of market, credit, environmental, legal, and operational risk underpins everything we do.

Risk management is integral to bcIMC's fiduciary role in managing our clients' assets.

Our clients expect to be compensated with higher returns for taking on additional market and credit risk. They are not rewarded for exposure to unanticipated legal, environmental, and operational risks.

At bcIMC, managing risk is integral to everybody's job – we encourage the proactive recognition and assessment of risk, and honest and candid communication of risk. With this approach, we aim to ensure that our clients' assets are better protected, our operations are sound, and that trust in bcIMC remains unchallenged.

bcIMC'S ENTERPRISE-WIDE RISK FRAMEWORK Our Enterprise-Wide Risk Framework consists of five risk categories: market, credit, environmental, legal, and operational. It also addresses strategic human resources risk, strategic information technology risk, and business continuity planning.

Our Board and CEO/CIO monitor our strategic and reputational risk and ensure that the Enterprise-Wide Risk Management Framework functions effectively. The CEO/CIO establishes risk frameworks and receives regular reports on the implementation of risk management measures. An internal committee reviews and discusses enterprise-wide risks quarterly. The Board reviews quarterly reports on bcIMC's enterprise-wide risks and annual reports for the specific risk categories.

Our Internal Audit function conducts systematic risk-based reviews of our financial processes and procedures. Results are discussed with management and reported to the Audit Committee.

Market risk is a function of investment management decision-making. We follow a long-established model that reflects prudent investment practices. We also ensure that the risk is appropriate to each client and that the level of risk assumed matches with the expected return. This also involves considering the complexities and impact of macro

Honest, candid, and active communication throughout bcIMC and with our business partners improves management of risk.

trends on capital markets. We continually reevaluate market conditions and our assumptions to identify new risks.

Credit risk focuses on credit concerns that we routinely confront. Our Credit Risk Framework guides the management of credit risk within fixed income, securities lending, and mortgages. We continually monitor for potential ratings downgrades and defaults within the individual securities we hold and our counterparties. Trading activities are governed by the use of approved broker/dealers and derivative counterparties. We also assess the impact of environmental issues on credit ratings. Internally-produced credit ratings for companies are used in conjunction with external ratings, providing greater independence in investment decision making.

Environmental risk may affect the value of our clients' assets. Environmental due diligence and risk management within our asset classes is guided by our Environmental Risk Framework. Our protocols include maintaining approved environmental consultant lists, environmental records management, and determining the impact that changes to related legislation may have on existing investments.

Legal risk involves potential impacts to bcIMC's contractual, statutory, and other rights. Our framework establishes the principles for identifying and assessing risks and developing the appropriate mitigation measures. Our policies, such as anti-money laundering, insider trading, and confidentiality walls, address specific legal compliance risks. We collaborate with our peers on industry-wide legal risks and contribute to discussions and position papers.

Operational risk relates to bcIMC's practices and procedures. Our Operational Risk Framework ensures that our operations remain current and robust. Departments maintain risk registers that are reviewed with the CEO/CIO biannually. The Operations Review Committee meets monthly to manage change initiatives and assess the efficiency of processes. Eliminating unnecessary operational complexity remains a priority – our efforts include streamlining and automating routine processes, and heightening staff awareness of complexity.

bcIMC prepares a Service Organization Controls Report (previously the Section 5970 Report on Controls for the Investment System), providing clients with added assurance of our financial controls and safeguards. This report, prepared in accordance with the Canadian Standard for Assurance Engagements (CSAE 3416), details bcIMC's financial controls over the investment system, and is audited by our external auditors.

Strategic human resource risk is the risk associated with staff employment and the relationship between human resourcing and the ability to implement bcIMC's business strategies. Risks are identified and managed according to a framework that aligns the employment lifecycle with the business cycle.

Strategic information technology risk relates to the corporate-wide and strategic risks of managing bcIMC's information technology. Our framework incorporates a number of industry standard best practices, including the Control Objectives for Information and related Technology, created by the Information Systems Audit and Control Association and the IT Governance Institute.

Business continuity planning involves the development, maintenance, and testing of action plans to respond to an event that threatens our operations. Consultants MNP reviewed our plans in 2011 and offered suggestions for enhancements, while concluding that our overall processes are sound.

PILLAR THREE:

Responsible Investing

We are committed to responsible investing as a way to manage risk and improve long-term returns to our clients.

As a long-term investor, bcIMC believes that responsible corporate behaviour – in terms of the way a company is governed and how it manages environmental and social matters – can be critical to long-term investment returns.

When we analyze, select, and manage investments, we consider how environmental, social, and governance (ESG) issues may impact risk and return. While acting in our clients' best financial interests, we believe good ESG practices ultimately enhance the success and value of a company or asset, and that ethical behaviour is fundamental to long-term sustainable performance.

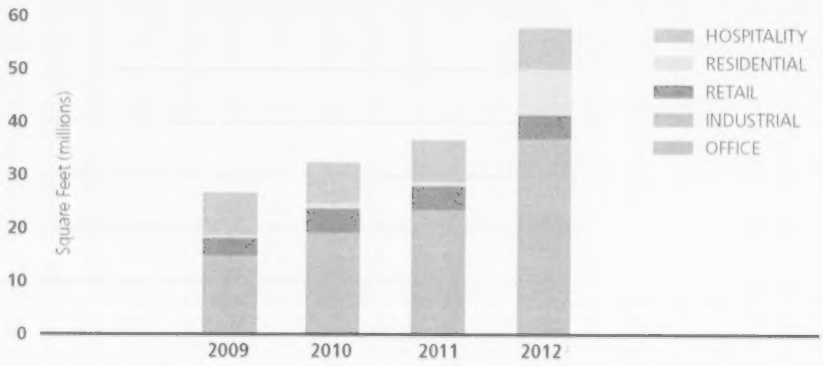
OUR APPROACH We have established a framework that sets out guiding principles and values. As ESG risks and opportunities may vary, we adapt our approach according to what is appropriate for that asset class or investment. As with our investments, we work on a long-term horizon that recognizes results can take time. Our responsible investing activities continue to evolve to meet increasing standards and client expectations.

We believe that large shareholders, acting individually and collectively, can positively influence the behaviour of companies through engagement and dialogue. We avoid placing unnecessary burdens on companies.

We endorse the United Nations Principles for Responsible Investment (PRI), and take part in the annual PRI survey on progress. In the latest survey (2010), bcIMC achieved a 75th or higher percentile in four of the six Principles and in the governance, policy, and strategy category.

We produce quarterly reports on our actions, and these are available on our website.

CERTIFICATION TRENDS IN bcIMC'S CANADIAN REAL ESTATE PORTFOLIO [1]



[1] includes LEED, BOMA BESt and Hotel Association of Canada Green Key programs [2] includes targeted

REAL ESTATE bcIMC is committed to responsible property investing. Our activities are guided by a strategic plan that provides direction across our portfolio as well as to our external managers, who work closely with our stakeholders and whose efforts contribute to our results.

Implementing responsible property investing initiatives improves value, mitigates risk, and positions us for future opportunities. We develop and retrofit properties that are energy-efficient, tenant-friendly, and enhance local communities.

About two-thirds of our portfolio is certified under the LEED, BOMA BESt, or the Hotel Association of Canada Green Key programs. Certifications are one measure of our commitment to environmental stewardship.

Fifty per cent of electricity at Livingston Place, Calgary, is from a renewable energy source such as wind.

We also measure the environmental impact of our portfolio. We established an emissions baseline in 2007, using Greenhouse Gas Protocol standards as a guide, and our results continue to improve even as our overall portfolio expands. Office portfolio emissions intensity decreased from a baseline of 11.0 to 8.0 tCO_2e per 1,000 square feet – the equivalent of about 4,350 cars not driven for a one-year period. Residential portfolio emissions intensity decreased from a baseline of 13.6 to 10.9 tCO_2e per 1,000 square feet – equal to 170 acres of forest preserved from deforestation. While our portfolio has increased in size since 2007, we have been able to reduce our emissions on a per-square-foot basis.[1]

Through more efficient technologies and stakeholder awareness programs, we aim to further reduce our environmental footprint. For greater impact we focus on portfolio-level initiatives, such as the boiler-conversion program for our multi-residential portfolio. We began by converting our apartment buildings in one city from heating oil and propane to natural gas. The result: emissions dropped by 30 per cent, heating costs by 49 per cent, and net operating income increased within the first year.

PUBLIC EQUITIES Our focus is on direct engagement with public companies within our portfolio, collaboration with like-minded partners, and proxy voting.

Engagement We aim to positively influence companies through private discussions with directors and management on ESG risks and mitigation efforts. We increased our efforts to engage with U.S. and European companies, in line with our growing global investment focus. Our activities address issues related to climate change, human rights, and shareholder rights.

For example, we believe that a majority voting policy for board elections improves corporate governance by ensuring all board members have the support of a majority of shareholders. On this topic we have engaged directly with Canadian companies within our portfolio. We have worked collectively with the Canadian Coalition for Good Governance and the Pension Investment Association of Canada. We also filed three successful shareholder proposals jointly with other institutional investors in 2010–2011.

We believe bcIMC and others have had an impact. By 2012, 57 per cent of companies in the S&P/TSX Composite Index – representing over three-quarters of TSX market capitalization – had voluntarily adopted a majority voting policy.[1] Achieving universal adoption will require systemic change. We are seeking regulatory support, and have asked the Toronto Stock Exchange and the Ontario Securities Commission to require all public companies to adopt majority voting along with other improvements.

Collaboration We believe organizations are more willing to improve corporate governance and other practices when they know that many investors support the change. To this end, we work with like-minded investors and associations to further ESG practices within the industry and business community. We contribute to research initiatives, submit comments to regulators, contribute to publications, provide input on public policy, and speak at conferences, including the 2011 Canadian Responsible Investment Conference.

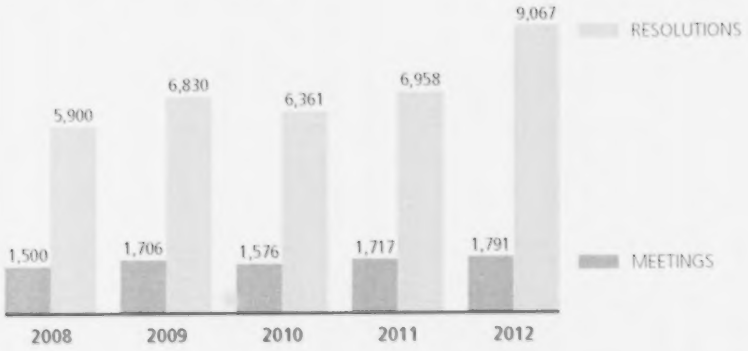
Our collaborative efforts also focus on systemic change. We worked with UN PRI members to promote improved disclosure in emerging markets by encouraging targeted companies to adopt the Global Reporting Initiative guidelines. Investors and issuers alike are realizing that there are benefits and efficiencies inherent in uniform standards.

[1] tCO_2e = tonnes of CO_2 equivalent, a measure of greenhouse gas contribution to global warming. Intensity levels indicate consumption or emissions divided by square footage of the property portfolio.

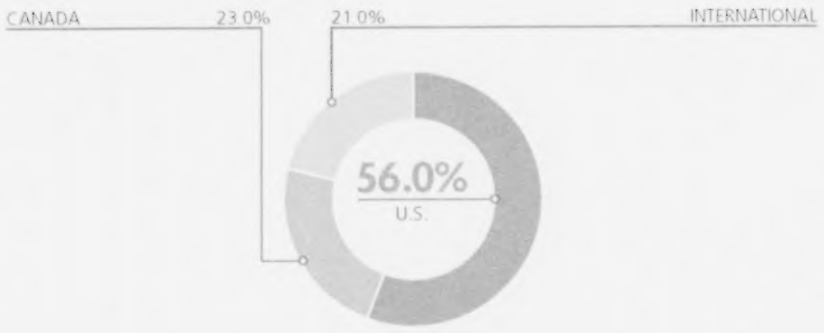
[1] Canadian Coalition for Good Governance

Responsible Investing

PROXY VOTING ACTIVITY 2008–2012



PROXY VOTING BY REGION



We are also participating in initiatives with UN PRI and the Investor Network on Climate Risk to encourage stock exchanges around the world to incorporate ESG matters in requirements for listed companies.

Proxy Voting Voting at annual company meetings is a shareholder right. Voting is fundamental to active ownership and a means of fostering good corporate governance and accountability within the capital markets. We conduct all proxy voting activities in-house and vote all our Canadian and U.S. holdings and the most valuable of our international companies.

In 2011, we voted on more than 9,000 issues at the meetings of 1,791 companies. The number of issues increased 30 per cent over last year, due mainly to the requirements of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* for mandatory "say on pay" votes in the U.S. We voted against 40 per cent of executive compensation agenda items.

PRIVATE PLACEMENTS AND INFRASTRUCTURE We expect our platform companies to focus on long-term value creation – meaning that they must apply good corporate governance practices, effectively manage their business and community relationships, and be responsible in their business operations.

When we have a significant interest, we appoint representatives to the board of directors. Through our board involvement, we have the ability to influence the company's long-term strategy and governance practices. The ways in which we interact with a company may differ according to what is appropriate to that investment, but our expectations do not vary.

This year we hosted a full-day forum that brought together nominee directors for our private equity, infrastructure, and real estate platform companies. It involved industry and governance experts and provided an opportunity to discuss our investment philosophy and responsible investment approach.

bcIMC provided construction financing for the Stanley Greene development, a sustainable community project at Toronto's Downsview Park in 2012.

Our activities in private markets are guided by the Institutional Limited Partners Association's *Private Equity Principles*, which provides a framework for governance and transparency. This year we also reviewed the UN PRI *Responsible Investment for Private Equity* guide for limited partners to ensure that our practices align with industry standards.

MORTGAGES When assessing mortgage applications, we favour projects with environmentally sound attributes that match our clients' risk and return parameters. Our mortgage risk rating system rewards these properties with a more favourable rating. In 2011–2012 we committed to finance over $650 million in mortgages on properties with environmentally attractive features.

One example is the 60-acre Stanley Greene development project in Downsview Park, Toronto. This four-phase residential development, developed by UrbanCorp, is targeted at LEED Silver and will incorporate geothermal power, with the capability to sell surplus power back into the grid. We committed to finance this project in December 2011.

FIXED INCOME As part of our credit risk analysis for corporate bonds, we assess governance issues such as board effectiveness, ownership structure, and compensation decisions. We recognize that flawed corporate governance practices can adversely impact bondholders by exposing us to excessive or unseen credit risk.

This year we joined the Canadian Bond Investors' Association, a new group formed specifically to explore responsible investing aspects and look out for the rights of Canadian bond investors.

bcIMC HAS DEVELOPED ONGOING PARTNERSHIPS WITH:

- ASIAN CORPORATE GOVERNANCE ASSOCIATION
- CANADIAN COALITION FOR GOOD GOVERNANCE
- CARBON DISCLOSURE PROJECT
- INSTITUTIONAL LIMITED PARTNERS ASSOCIATION
- INTERNATIONAL CORPORATE GOVERNANCE NETWORK
- INVESTOR NETWORK ON CLIMATE RISK
- PENSION INVESTMENT ASSOCIATION OF CANADA
- SOCIAL INVESTMENT ORGANIZATION
- UN ENVIRONMENT PROGRAMME FINANCE INITIATIVES AND PROPERTY WORKING GROUP
- UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

PILLAR FOUR:

Client Services

bcIMC takes pride in our company-wide culture of quality client-focused service.

At bcIMC, we focus on our clients. From understanding clients' interests to developing long-term partnerships and implementing investment strategies, each employee has a role in client service.

Our Consulting and Client Services department is the primary point of contact for clients, and represents clients' interests within bcIMC. The department conducted numerous "know your client" sessions with staff this year to deepen their understanding of our clients.

This year we increased our assets under management by $870 million with the addition of two new clients, including Healthcare Benefit Trust.

UNDERSTANDING CLIENTS' NEEDS Fulfilling our fiduciary obligation and working in our clients' best financial interests is an ongoing focus throughout all aspects of our service. We start by learning about needs – clients' circumstances, risk and return objectives, and investment beliefs. This learning process is continuous as clients' needs evolve.

Our Client Relationship Management system centralizes client information and consolidates communications for improved service. We continue to enhance the functionality of this system.

IMPLEMENTING INVESTMENT STRATEGIES We assist clients in meeting their goals by helping them establish prudent investment strategies. We initiated or completed six asset liability studies to support our clients in determining a strategic asset allocation policy appropriate for achieving their return objectives. We work closely with clients to ensure that the funds in which they are invested match their investment goals.

We recognize that the pace of global change presents limitations for traditional portfolio theory. bcIMC is partnering with clients to explore more adaptable and qualitative approaches to asset mix decisions.

We initiated a two-year research project with the UBC Sauder School of Business to identify new methodologies for developing forward-looking return assumptions that can be applied across asset classes, sectors, and industries.

We continue to assist our pension plan clients with increasing their exposure to new economies and private market investments. Many clients have adopted the global equities strategy, and this year we supported more clients transition to the global framework.

REVIEWING INVESTMENT RESULTS Our customized quarterly reports help clients evaluate returns within the investment environment. We have enhanced our performance reporting systems to provide more tailored reporting, and we supported clients move to electronic reporting.

bcIMC protects capital value by representing clients' broader interests. We succeeded in recovering European Union withholding tax from the Netherlands and Sweden, with $2.8 million recovered by March 31, 2012. We are proceeding with similar filings in other European jurisdictions, and anticipate that we will recover additional funds.

MEETING CLIENTS' NEEDS Client feedback helps us ensure our services continue to meet expectations. We regularly receive input informally, and every three years we conduct a client satisfaction survey.

Results from this year's survey, conducted by Ipsos Reid, were positive. Surveyed clients represented 98.6 per cent of our assets under administration and a broad cross-section of our client base.

The overall satisfaction level remains very strong – 95 per cent of clients indicated they were satisfied or very satisfied with bcIMC's service. Thirty-three per cent noted that our service had improved since 2008, when the previous survey was conducted.

Clients rated our investment management performance at 95 per cent or higher on client satisfaction, trust, and value for fees paid. Our fund administration services received high ratings on overall satisfaction – at 95 per cent for investment accounting and 100 per cent for cash flow management.

We will incorporate suggestions received from the survey as we continually seek opportunities to improve client service.

FOSTERING INVESTMENT KNOWLEDGE bcIMC works closely with trustees on their ongoing knowledge and understanding of investment principles and concepts. We participated in almost 120 regular client meetings. Discussions on the euro-zone crisis, the U.S. credit rating downgrade, geopolitical events, and responsible investing issues were common themes during the year.

We assisted with the annual B.C. Public Sector Pension Conference. Clients were exposed to discussions on economic trends and specialists in the fields of resource scarcity, currency management, and infrastructure.

We continue to coordinate orientation sessions, which provide new pension trustees with an overview of each asset class, responsible investing, and related topics.

bcIMC also supported clients by meeting their stakeholder groups. We discussed investment results and activities, and the environment faced by trustees.

LOOKING FORWARD bcIMC is identifying new investment approaches and recalibrating existing strategies. Through client forums and meetings, we will encourage clients to participate in strategic discussions and provide feedback on our thinking.

OUR PORTFOLIO OF SERVICES

We offer a comprehensive portfolio of services that are tailored for individual clients:

INVESTMENT MANAGEMENT

- ASSET MIX MANAGEMENT
- CURRENCY HEDGING AND OVERLAY
- PORTFOLIO MANAGEMENT
- TRADE EXECUTION
- SECURITY LENDING
- SELECTION AND MANAGEMENT OF EXTERNAL MANAGERS
- SETTLEMENT AND CUSTODY OF SECURITIES

INVESTMENT CONSULTING

- ASSET LIABILITY STUDIES
- ECONOMIC AND MARKET ANALYSIS
- INVESTMENT ADVICE
- INVESTMENT POLICY ANALYSIS
- LEGAL, REGULATORY, AND POLICY COMPLIANCE

INVESTMENT MANAGEMENT ADMINISTRATION

- CASH MANAGEMENT SERVICES
- INVESTMENT ACCOUNTING AND REPORTING
- PERFORMANCE REPORTING
- RESPONSIBLE INVESTING REPORTING

RISK MANAGEMENT

- CREDIT REVIEWS AND MONITORING
- RISK ANALYSIS AND MEASUREMENT

CORPORATE ENGAGEMENT

- ENGAGEMENT
- PROXY VOTING

INVESTMENT EDUCATION

- NEW TRUSTEE ORIENTATION
- TRUSTEE CONFERENCES
- CLIENT WEBCASTS

PILLAR FIVE:
Building bcIMC

Our results-oriented, innovative, knowledgeable team is supported by efficient systems and technology.

bcIMC relies on a high-performing team and supporting technology to deliver the best possible investment returns and service to our clients.

INVESTING IN PEOPLE We continually enhance our existing team through a range of training initiatives, while also adding new talent and expertise when and where needed to meet the needs of clients and to support bcIMC's strategic direction.

Growing the Team An increased focus on global investments, real assets, and in-house management requires greater capacity and specific skills. We added ten new positions this year, expanding our teams in Private Placements, Capital Markets Research Group, and Information Technology. Additions to the bcIMC team were consistent with our business plan goals.

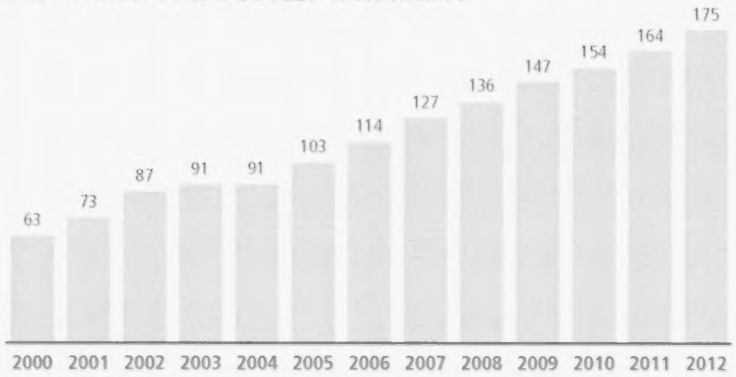
Increasing Capacity and Knowledge Our staff training program has three objectives:

- to ensure we have the skills needed to deliver on business plan objectives
- to develop leadership skills ahead of succession needs
- and to improve job-specific employee performance

This year, we implemented our training strategy by delivering 205 person days of onsite training and funding nearly 400 person days of job-specific conferences and specialized workshops addressing individual training plans.

These training initiatives help to equip staff with a greater understanding of today's evolving investment environment. With our increasing focus on real assets and private market investments, select onsite training was aimed at enhancing competency in related areas – such as negotiation skills and insight into corporate governance matters. We also provided onsite training to increase technical functionality in today's complex investment environment with programs including project management, time management, and advanced technology.

TOTAL NUMBER OF EMPLOYEES as at March 31



bcIMC U provides staff with a broader awareness of global trends and macro issues that may impact the investment environment. We launched this internal program in 2011 to bring in key external experts on topics important to our investment strategies. This year staff interacted with thought leaders on subjects ranging from resource scarcity and emerging markets to information technology systems governance.

Our well-established succession plan ensures the long-term sustainability of corporate knowledge. In support of this, selected staff completed various leadership programs.

DIVERSITY AT bcIMC

Aligned with our global investment focus, our staff speak many languages, including:

CANTONESE	HINDI	PUNJABI
ENGLISH	INDONESIAN	RUSSIAN
FILIPINO	ITALIAN	SPANISH
FRENCH	LITHUANIAN	THAI
GERMAN	MANDARIN	VIETNAMESE

Our one-year apprenticeship program encompasses rotational assignments through a number of our departments, and we continue to support individuals pursuing relevant professional designations.

Supporting the bcIMC Culture Our corporate values – respect, integrity, honesty, and trust – underpin our relationships with clients, investment partners, and staff. We provide a professional, dedicated, and client-focused workplace.

Our staff are members of many associations and are active in both professional and volunteer capacities. bcIMC staff continued to support local charities through our annual holiday hamper drive and other activities, including raising $65,900 during our 2011 United Way campaign.

INVESTING IN TECHNOLOGY Our information technology strategy facilitates our investment activities through technology that includes best-of-breed business applications, access to market data, technical innovation, and the provision of a stable and secure information technology environment. This strategy enables and supports our global expansion and evolving investment focus.

This year we established IT as a separate department with expanded capacity and a dedicated Vice President. We added an Enterprise Information Architect and a Business Analyst to support our strategic projects.

Key initiatives for the year supported global investment processes and ongoing risk management. We enhanced credit risk reporting, improved portfolio modelling, implemented broker execution measurement tools, and enhanced older systems.

We introduced virtualized technology, which facilitates faster system development and improves business resiliency while reducing the environmental footprint of our data centre.

The increased focus on information technology this year provided opportunities to establish collaborative partnerships within bcIMC so that technology – and its impacts – can be more easily considered within the overall business context.

To reduce unnecessary complexity within our operations, we completed several end-to-end business process reviews. This effort resulted in streamlined systems, reduced operational risks, and increased efficiencies. We continue to work to reduce operational complexity.

Building bcIMC

Going forward, we will focus on improving access to data and reporting tools for analysis and decision making. We continue to modernize our network and telecommunications infrastructure to support our evolving investment strategy.

REASONABLE OPERATING COSTS bcIMC focuses on providing quality service to our clients at a reasonable cost. We operate on a cost-recovery model and do not receive subsidies or financial aid from any third party. We are accountable to our clients for the costs involved in managing their assets.

Cost advantages arise from economies of scale provided by managing $92.1 billion, pooling assets, and administering 63.9 per cent of assets in-house. We are increasing our in-house asset management so as to minimize total client costs and increase net returns.

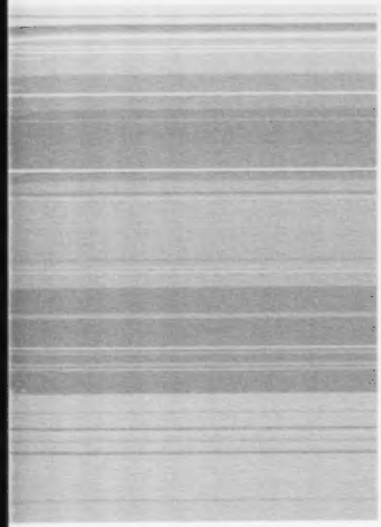
The types of assets under management, changes to asset mix, and the specific investment strategy can affect our costs and client fees. This year our operating costs were $178.0 million or 19.3 cents per $100 of assets under administration (2010–2011: $149.0 million or 18.0 cents per $100).

INTERNATIONAL FINANCIAL REPORTING STANDARDS 2011–2012 marks the first year that bcIMC's corporate financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

The International Accounting Standards Board has deferred the transition to IFRS for investment companies to 2014. bcIMC's investment pools qualify in this category. Management and the Board remain confident that we are ready for the transition to IFRS-compliant pooled fund financial statements in 2014.

REDUCING OUR FOOTPRINT bcIMC upholds a voluntary commitment to be carbon neutral in our operations. Environmentally responsible tenant improvements made in 2008–2009, energy usage controls, and recycling initiatives at our workplace continue to contribute to achieving this goal. Annually, we also purchase carbon credits to offset emissions associated with our operations and the production of this annual report.

We continue to move towards electronic records management and increased use of electronic collaborative platforms. In 2011 our Board of Directors completed the transition to a specialized portal for meeting preparation and information management. As well as reducing paper consumption, this secure technology serves as a comprehensive resource centre while simplifying the assembly and distribution of meeting material and reducing costs. bcIMC also supported clients and trustees in their move to distribute meeting material through electronic means.



Investment
Management
Corporation

OUR CORPORATE GOVERNANCE

Our Board of Directors

COMPOSITION OF THE BOARD The *Public Sector Pensions Plans Act* (the Act) requires our Board to have seven directors as follows:

- One director appointed by the College Pension Board from among its members
- One director appointed by the Municipal Pension Board from among its members
- One director appointed by the Public Service Pension Board from among its members
- One director appointed by the Teachers' Pension Board from among its members
- Two directors, representative of other clients, appointed by B.C.'s Minister of Finance
- One other director appointed by B.C.'s Minister of Finance and designated to be the Chair of the Board.

These nominating bodies are aware of our criteria relating to the knowledge, experience, and skill set we look for in bcIMC directors. These criteria are disclosed on our website.

BOARD INDEPENDENCE All directors and the Board Chair are non-executive directors and independent of management.

RICK MAHLER Vancouver, British Columbia

Now retired, Rick was Executive Vice President and Chief Financial Officer of Finning International for 13 years. He is Chair of Sterling Shoes and a director of Ten Peaks Coffee, and from 2003–2010 was Chair of Partnerships BC. Volunteer activities include serving as Chair of the Co-op Advisory Council at both Simon Fraser University and the University of Waterloo; Chair of the VGH & UBC Hospital Foundation; and Vice-Chair of the Vancouver Board of Trade. Rick is the recipient of awards including the Queen's Golden Jubilee Medal for Distinguished Service, and holds a B.Sc. from the University of Waterloo and an MBA (Finance) from McMaster University.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since December 31, 2010 Current term to December 31, 2012 Appointed by B.C.'s Minister of Finance Independent	Chair, bcIMC Board of Directors (2011–present)	4/4	100%
	Guest, Human Resources and Compensation Committee	1/1	100%

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	$28,750	$5,250	–	$750	$34,750

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair Positions & Term	
Fording Canadian Coal Trust	2003–2008	Audit Committee Environment, Health & Safety Committee Human Resources & Governance Committee (Chair)	N	–
Partnerships BC	2003–2010	–	Y	2003–2010
Sterling Shoes Inc.	2005–present	Audit Committee Human Resources Committee	Y	2005–present
Ten Peaks Coffee Co.	2004–present	Audit Committee (Chair)	N	–
VGH & UBC Hospital Foundation	2003–2011	Audit Committee (Chair)	Y	2007–2010

JOAN AXFORD Victoria, British Columbia

Now retired, Joan was Secretary-Treasurer for School District No. 63 (Saanich). Her 28-year involvement in public education included work with school districts and the Ministry of Education, and serving as President of the B.C. Association of School Business Officials in 2002–2003. Joan is the 2005 recipient of the Larry Ozero Leadership Award for leadership in school district corporate and business administration. She is a professional accountant and holds a CMA designation. Joan was formerly Chair of the Teachers' Pension Plan.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since November 1, 1999 Current term to December 31, 2014 Appointed by the Teachers' Pension Board of Trustees Independent	Director, bcIMC Board of Directors	4/4	100%
	Chair, Human Resources and Compensation Committee (2002–present)	4/4	100%
	Member, Audit Committee (2000–2002)	–	–

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	$15,000	$5,250	$3,000	$3,000	$26,250*

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair Positions & Term
Teachers' Pension Plan (Trustee)	1999–present	Benefits & Communications Committee (Chair)	Y 2010–2011

** Effective November 1, 2011, remuneration fees are paid to Joan Axford as an individual. Prior to this date, $16,500 was paid to School District No. 63 (Saanich).*

DENNIS BLATCHFORD Vancouver, British Columbia

Dennis is a founding member of the Municipal Pension Board of Trustees and chaired its Governance Committee from 2008–2011. He is currently the Pension and Benefits Advocate for the Health Sciences Association of British Columbia. Previously Dennis was Director of Community and Social Action Programs for the B.C. Federation of Labour and worked in the areas of health policy reform, human rights legislation, disability advocacy, and community relations. From 1998–2004, he was a trustee of the Canadian Blood Services Pension Plan.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since March 28, 2012 Current term to December 31, 2012 Appointed by the Municipal Pension Board of Trustees Independent	Director, bcIMC Board of Directors	0/0	–

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	–	–	–	–	–

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair Positions & Term
British Columbia Federation of Labour	2006–2008	Executive Council	N –
Municipal Pension Plan (Trustee)	2001–present	Governance Committee (Chair)	N –
Shareholder Association for Research and Education	2010–present	Planning Committee	N –

ANNE LIPPERT Vancouver, British Columbia

Anne is Principal of Anne Lippert Consulting and Vice President of Lippert Investments Ltd. She consults on corporate social responsibility, corporate governance, and revenue and development strategies for not-for-profits. Previously she worked with the Royal Bank of Canada as Vice President, Strategic Initiatives, British Columbia & Yukon. Anne has received numerous business and leadership awards, including a 2011 World of Difference Award from the International Alliance for Women.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since October 15, 2007 Current term to December 31, 2012 Appointed by B.C.'s Minister of Finance Independent	Director, bcIMC Board of Directors	4/4	100%
	Member, Human Resources and Compensation Committee (2007–present)	4/4	100%

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	$15,000	$5,250	–	$3,000	$23,250

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair	Positions & Term
Bill Reid Foundation	1999–2011	Finance Committee (Chair)	N	–
KCTS Channel 9 Advisory Board	1995–2010	Nominations Committee	Y*	2001–2010
Langara College, Board of Governors	2008–present	Audit Committee, Administration and Finance Committee, Human Resource Committee, Board Nominations Committee Board Coordinating Committee	N	
Pacific Carbon Trust	2011–present	Finance Committee	N	–
Pacific Coast Public Television	2006–present	–	N	–
Post-Secondary Employers' Association	2010–present	Members' Board Compensation Committee	N	–
Rotary Club of Vancouver	2010–present	World Community Service Committee (Chair)	N	–
Salvation Army Advisory Board	Life member	Hope in the City Committee	N	–
Salvation Army Kate Booth House	2003–present	–	Y	2003–present

**Anne serves as the Canadian Vice Chair of this Seattle-based organization*

RON McEACHERN North Saanich, British Columbia

Ron has worked in human resources and labour relations for over 30 years. Prior to retiring in 2005, he was an Associate Deputy Minister of Employee Relations in the B.C. Public Service Agency. Ron holds a B.Sc. from the University of Victoria and has completed several certificate courses with International Foundation of Employee Benefit Plans in the Advanced Trustee Management Standards Program.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since April 1, 2007 Current term to March 31, 2013 Appointed by the Public Service Pension Board of Trustees Independent	Director, bcIMC Board of Directors	4/4	100%
	Member, Human Resources and Compensation Committee (2007–present)	4/4	100%
	Guest, Audit Committee	3/3	100%

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	$15,000	$5,250	–	$5,250	$25,500

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair	Positions & Term
British Columbia Pension Corporation	2008–2011	Human Resources Committee (Chair)	N	–
Public Service Pension Board (Trustee)	2002–present	Benefits & Communication Committee Communications Subcommittee Litigation Committee	Y	2011–present
Ron E. McEachern & Associates Ltd.	2004–present	–	Y	2004–present

JOHN WILSON New Westminster, British Columbia

John is an instructor at the School of Business, Capilano University. Previously, he was a general practice manager and computer audit specialist with Coopers & Lybrand and was one of Canada's early Certified Information Systems Auditors. John is Past President of Capilano University's Faculty Association and has been its Chief Negotiator and Chief Steward. He has been active in pension matters for over 20 years and is involved in provincial pension issues on behalf of the Federation of Post-Secondary Educators of B.C. John is a Chartered Accountant and has the ICD.D certification.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since September 1, 2005 Current term to August 31, 2013 Appointed by the College Pension Board of Trustees Independent	Director, bcIMC Board of Directors	4/4	100%
	Member, Audit Committee (2005–present)	5/5	100%
	Guest, Human Resources and Compensation Committee	4/4	100%

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
Remuneration is paid to the Federation of Post-Secondary Educators of B.C.	$15,000	$6,000*	–	$6,750	$27,750

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair Positions & Term	
Capilano University Faculty Association	1986–present	Bargaining Committee	Y	2008–2010
		Executive Committee		2006–2007
		Joint Standing Committee		
College Pension Plan (Trustee)	2000–present	Benefits Committee	Y	2011–present
		Communications Committee (Past Chair)		
		Interplan Audit Committee (Chair)		
		Interplan Succession Committee (Past member)		
		Litigation Committee (Past member)		
Federation of Post-Secondary Educators of B.C.	2008–2011 2006–2007	President's Council	N	–
iGEN Knowledge Solutions	2000–2008	–	N	–
Shiloh-Sixth Avenue United Church	2007–present	Board of Trustees	N	–

** includes guest attendance at director orientation session*

KEN WOODS Vancouver, British Columbia

Ken has been involved in the investment industry for over 25 years and has significant experience as a pension plan fiduciary. He serves on WorkSafeBC's Investment Committee and is President of Coolwoods Investments Ltd. Ken is an active member of the community and served on the VGH & UBC Hospital Foundation. He is currently involved with the St. Paul's Sinus Centre and the Department of Athletics at the University of British Columbia. Ken is a Fellowship Chartered Accountant and holds a Bachelor of Mathematics from the University of British Columbia and an MBA from Concordia University.

bcIMC Board and Committee Appointments		2011–2012 Attendance	
Director since July 5, 2011 Current term to July 5, 2014 Appointed by B.C.'s Minister of Finance Independent	Director, bcIMC Board of Directors	3/3	100%
	Chair, Audit Committee (2012–present)	1/1	100%
	Member, Audit Committee (2011–2012)	2/2	100%
	Guest, Human Resources and Compensation Committee	1/1	100%

bcIMC Director Remuneration 2011–2012	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	$11,250	$3,750*	$417	$3,000	$18,417

Other Board Directorships/Trusteeships During the Last Five Years	Term	Committee Appointments	Board Chair Positions & Term	
Children's Arts Umbrella Foundation	2004–present	–	Y	2004–2011
Concordia University Foundation	2000–2009	Investment Committee	N	–
Kenneth Woods Portfolio Management Foundation, John Molson School of Business, Concordia University	1998–present	Client Committee	Y	1998–present (Founder)
RBC Canadian Open	2011	Host Club Tournament Chair	Y	2011
VGH & UBC Hospital Foundation	2002–2009	Various committees	N	–

** includes director orientation session*

Our Corporate Governance

The Board of Directors is responsible for ensuring bcIMC has appropriate controls and accountabilities in place and that bcIMC provides satisfactory service to our clients.

THE GOVERNANCE FRAMEWORK bcIMC was established by the *Public Sector Pension Plans Act* (the Act). In accordance with the Act, the Board oversees bcIMC's operations, reviews and monitors the CEO/CIO's performance, and ensures proper reporting and accountability to our clients. The Board is also required to approve pooled fund investment policies, to select and establish the remuneration of our CEO/CIO and auditors, to approve the business plan and annual budget, and to establish an employee classification system and compensation scale. The bcIMC Board Mandate clarifies the Board's duties and responsibilities and is available on the bcIMC website.

Investment professionals under the supervision of the CEO/CIO make all investment decisions within the framework of the policies approved by the Board and established by bcIMC's clients.

ROLE AND ACCOUNTABILITY OF THE CHIEF INVESTMENT OFFICER The Act defines the Chief Investment Officer as the Chief Executive Officer with responsibility for bcIMC's day-to-day operations. The CEO/CIO is accountable to the Board for the efficiency and effectiveness of the corporation in carrying out its mandate. The CEO/CIO is also responsible to each client regarding its individual investment policy, asset mix policy, and performance.

Among other responsibilities, the CEO/CIO hires staff and external managers, prepares the annual business plan and budget, and establishes policies and procedures to meet operational objectives. The CEO/CIO ensures that risk and returns are managed in a prudent and appropriate fashion consistent with client instructions and recommends changes in investment strategies to clients.

BOARD ACTIVITY AND COMMITTEES The Board meets on a quarterly basis. Meetings are scheduled in advance. Additional meetings are arranged when issues arise that require immediate Board attention.

The Board has two standing committees:

- The Audit Committee, consisting of three directors, meets at least three times a year, and oversees bcIMC's audit programs, financial management controls, and financial reporting.
- The Human Resources and Compensation Committee, consisting of three directors, meets at least twice a year and reviews matters relating to human resource strategies, compensation philosophy, succession management, performance incentive plans, and employee classification systems. The committee reviewed its mandate during the year. Revisions to the mandate will be finalized in the 2012–2013 fiscal year.

The CEO/CIO attends all Board and Committee meetings (although the CEO/CIO cannot be a director).

DIRECTOR ATTENDANCE The Board met on four occasions, the Audit Committee on five occasions, and the Human Resources and Compensation Committee (HRCC) on four occasions in 2011–2012. Directors who are not members of a committee may attend meetings of that committee.

There was 100 per cent attendance for all of the 2011–2012 meetings. Attendance details for individual directors are included in the director profiles on pages 48 to 51. Frank Leonard, who resigned from the Board in January 2012, attended 100 per cent of the Board and Audit Committee meetings during the year. He also attended two HRCC meetings as a guest.

DIRECTOR ORIENTATION bcIMC maintains an orientation program for new directors. Each new director receives a briefing on the Board's functions and responsibilities, bcIMC's business plan, budget, organizational structure, human resource policies, and risk management programs, as well as the Board Recovery Plan and details on key operational functions. The orientation is conducted by the CEO/CIO and senior management staff.

Our Board of Directors, from the left: Anne Lippert, Ron McEachern, Rick Mahler, Joan Axford, John Wilson, Ken Woods and Dennis Blatchford

DIRECTOR CODE OF CONDUCT The Code of Conduct for our Board of Directors (available on the bcIMC website) outlines the minimum standard of conduct required of all directors. Directors must make timely disclosure of any direct or indirect interest, material or not, in any proposed or completed bcIMC contract, transaction, or investment. Directors must also abstain from voting on matters in which they have a personal interest. The Board reviews this Code of Conduct annually.

BOARD EVALUATION AND ASSESSMENT Each year the directors complete a Board self-evaluation process that is designed to enable the directors to assess the effectiveness of the Board in key areas and elicit suggestions for improvement. The Board discusses the results and identifies areas that require additional or new emphasis. The Chair of the bcIMC Board administers the process.

CONTINUING DIRECTOR EDUCATION bcIMC budgets an amount to enable directors to benefit from a combination of courses and conferences offered by external parties. Directors also benefit from guest speakers at Board meetings.

While directors take personal responsibility for selecting educational opportunities, directors are encouraged to enrol in professional development courses and participate in industry-related conferences or seminars.

DIRECTOR REMUNERATION The Act provides that bcIMC may pay directors remuneration for their service on the Board and its Committees that is consistent with the Province of British Columbia's Treasury Board guidelines. If a director already receives remuneration for bcIMC Board or Committee service, such fees are paid to the director's employer. Director remuneration levels are as follows.

POSITION	ANNUAL RETAINER	PER DIEM
Board Chair	$30,000	$750
Director	$15,000	$750
Audit Committee Chair	$5,000	$750
Human Resources and Compensation Committee Chair	$3,000	$750
Committee Member	–	$750

Total remuneration for the bcIMC Board was $184,411 in 2011–2012 (2010–2011: $184,250). Remuneration details for individual directors are included in the director profiles on pages 48 to 51. Remuneration for Sid Fattedad, who resigned from the Board in April 2011, was $3,250 and for Frank Leonard, who resigned in January 2012, was $25,244.

Compensation Discussion and Analysis

In our highly specialized industry, we compete globally for investment professionals who are responsible for investing assets of pension plan clients representing 500,000 members.

As a result, bcIMC must recruit and retain talented and motivated staff with the skills and expertise to provide leadership in investment management and business functions. We provide rewarding work opportunities in a knowledge-based environment, support continued professional development, and pay competitive base salaries.

As a fiduciary, bcIMC is responsible for safeguarding our clients' assets. We are accountable to them for the investment returns and the costs involved in managing their assets. We operate on a cost recovery model. Investment management fees are charged to the clients and we recover all our costs from our clients. bcIMC's costs are not subsidized by the Province of British Columbia.

HRCC MANDATE The Human Resources and Compensation Committee (HRCC) assists the Board in ensuring that bcIMC retains a highly effective workforce and that human resource practices continue to align employee performance with client expectations. The HRCC monitors and makes recommendations to the Board on the following matters:

- trends and external market practices regarding compensation, benefits, and terms and conditions of employment
- oversight of risks associated with human resources activities
- employee Code of Conduct provisions
- bcIMC's job classification system and compensation scale
- comparators and competitive positioning of compensation
- bcIMC's performance incentive plans
- salary and performance-related matters for the CEO/CIO
- bcIMC's succession management plan and associated activities
- professional development and training strategies
- new human resource strategies and supporting policies
- self evaluation plans of the bcIMC Board and its committees.

The HRCC consists of three directors with diverse backgrounds and experience in business and human resource matters. Joan Axford served as the chair, with Anne Lippert and Ron McEachern serving as committee members in 2011–2012. Members are appointed by the Board and are independent of management. Directors who are not members of the HRCC may also attend the meetings of the committee. The CEO/CIO and Vice President, Human Resources participate in discussions, but they are not members of the committee.

The HRCC meets at least twice a year. In 2011–2012, the committee met on four occasions, which included four *in camera* sessions.

COMPENSATION PHILOSOPHY AND STRUCTURE The Board's compensation philosophy is to pay median base salary levels complemented by performance incentive plans that align staff interests with our clients' return requirements while also discouraging undue risk-taking.

Our compensation structure includes a base salary, benefits, and variable performance-based remuneration through an annual incentive plan (AIP) for all employees and a long-term incentive plan (LTIP) for senior roles. As a statutory corporation with one share with a par value of $10, bcIMC does not issue share options to our staff.

- Base Salary: Salaries for all three job streams are guided by the Board's philosophy to pay median base salaries. The comparator group for investment management roles consists of the large in-house Canadian public pension funds. For non-investment roles, the comparator group is expanded to also include relevant public and private sector employers within western Canada.
- Benefits: Employment benefits include bcIMC's funded health and welfare coverage such as medical, dental, extended health, health spending account, and life insurance coverage. bcIMC pays employer contributions to the Public Service Pension Plan (a defined benefit pension plan) and legislated benefits such as Canada Pension Plan,

Employment Insurance, and Worker's Compensation on behalf of our staff. Wage loss protection for permanent staff is provided through a short-term illness and injury plan as well as a long-term disability plan.

- **Annual Incentive Plan:** All permanent employees are eligible to participate in the AIP. The plan aligns employee performance with the achievement of client-driven investment and business objectives. AIP payments are calculated as a percentage of salary, weighted to reflect the role and impact the position has on corporate results.

  A portion of the AIP payment is derived from the annual investment performance with a greater component determined by investment return performance over a four-year time period. The remainder of the payment reflects individual and team achievement of other business and company-wide objectives relating to client services, responsible investing, risk management, and building bcIMC.

  The payment to the individual reflects the evaluation of performance according to three values drivers:

  - **Driver 1: Total Fund Performance** – overall investment performance is measured against industry or client-approved benchmarks. The value-added component is assessed net of investment management costs. This driver is intended to align overall investment performance with client expectations and promote company-wide teamwork.
  - **Driver 2: Business Unit Performance** – the department's role in delivering investment returns and contributing to business objectives such as risk management and client service, as well as longer-term strategic initiatives. This is intended to direct employees' efforts to the achievement of business plan objectives and to promote business unit teamwork.
  - **Driver 3: Individual Contribution** – the individual's performance is measured against the competencies relevant to their role. This is intended to encourage and reward high performance.

  Disbursement of payments under the AIP occurs in the fiscal year after it is earned. To illustrate the alignment between the AIP payment and performance, the Summary Compensation Table (on page 58) reports AIP in the year it was earned.

- **Long-Term Incentive Plan:** This plan is designed to enhance the retention of key staff with desirable skills and experience critical to bcIMC's long-term success. As bcIMC expands, the number of participants in this program will increase. The LTIP has a vesting requirement before the first payment is disbursed to the eligible staff member.

  LTIP provides the opportunity to earn additional remuneration based on investment return performance over a four-year period, achieved on behalf of clients and net of costs. This is accomplished by linking a portion of the personal remuneration to bcIMC's long-term total fund investment performance.

  If bcIMC fails to generate value-added investment returns in a year, the annual credit is assessed at zero. This zero-weighting affects LTIP payments for four years.

  As with the AIP, the actual disbursement of the payment occurs in the following fiscal year. The Summary Compensation Table (on page 58) reports LTIP in the year it was earned and illustrates the alignment between the LTIP payment and performance.

COMPENSATION CONSULTANTS AND EXTERNAL SOURCES bcIMC's compensation philosophy and structure is regularly reviewed. Base salaries are assessed annually to ensure compliance with the compensation philosophy. Relevant data from the Towers Watson's compensation surveys is made available to the HRCC each year. This information informs decisions on annual compensation and ensures that base salaries continuously reflect the stated compensation philosophy.

In-depth reviews are conducted every three years, with 2010–2011 being the most recent. The Board retained Hugessen Consulting Inc., an independent compensation consultancy, to review the compensation philosophy and structure, and analyze the pay-for-performance linkages. The consultants provided advice on the design and benchmarking

of compensation practices and levels against a representative comparator group of institutional investment funds within Canada. The design was also assessed to ensure that the compensation structure does not encourage investment risk that is not aligned with our clients' risk parameters. The potential impact of the suggested changes to the compensation philosophy and structure on bcIMC's budget was also assessed.

Although the Board concluded that the existing compensation philosophy and structure was appropriate for bcIMC, they identified the need to adjust the performance-based compensation for certain professionals to be more in line with industry practices. Effective April 1, 2011, the Board approved the introduction of a third job stream, defined as investment decision and product support, to acknowledge the specialized expertise required for certain investment support roles within an increasingly complex investment environment.

Also effective April 1, 2011, the Board decided to adjust the compensation for investment professionals by increasing the maximum pay-for-performance opportunity for long-term investment performance. This structural design ensures a closer alignment of interests between the variable pay opportunities available to bcIMC's investment professionals and bcIMC's primary mandate of generating long-term investment returns that meet our clients' financial needs.

PERFORMANCE ASSESSMENT FOR 2011–2012 In a year in which global capital markets were dominated by upheaval, uncertainty and disappointment, bcIMC exceeded our pension clients' combined benchmark by 2.1 percentage points. The one-year annual return was 5.9 per cent compared to a combined market benchmark of 3.8 per cent.

bcIMC's investment activities generated $1.4 billion in additional value for our clients. The value-added performance is calculated as the clients' total portfolio return including a value-added objective where applicable, net of investment management fees, and minus the benchmark return.

Domestic real estate, private equity and infrastructure were the primary drivers of this value-added performance. Strong performance in fixed income and the private market asset classes offset the weaker returns within the global public equity markets. These returns were complemented by solid value-add on an annual basis for public equity markets and fixed income. As of March 31, 2012, the market value of total assets under management increased by $5.2 billion over the last year.

Generating investment returns that exceed industry or client-approved benchmarks is a fundamental component of the assessment of bcIMC's performance. In addition, the achievement of company-wide objectives and the implementation of strategic initiatives aligned with the key components of our business are also considered.

bcIMC's business plan, which is approved by the Board of Directors, also outlines the company's non-financial goals and strategic initiatives. Departmental objectives for each fiscal year are aligned with the business plan. The bcIMC Board regularly reviews the company's progress towards accomplishing these goals. Performance for 2011–2012 was evaluated as follows:

BUSINESS PLAN PILLAR	KEY OBJECTIVE	ACTUAL PERFORMANCE
PILLAR ONE: **Investment Returns**	Deliver investment performance and products which exceed our clients' return expectations and in so doing, ensure that we remain their manager of choice	Generated $1.4 billion in value-added returns
PILLAR TWO: **Risk Management**	To identify and manage enterprise wide and portfolio risks that affect investment outcomes and impact operational efficiency	Achieved
PILLAR THREE: **Responsible Investing**	To integrate environmental, social, and governance issues into our investment analysis and decision-making processes, as well as our culture	Achieved
PILLAR FOUR: **Client Services**	To strive for long-term partnerships with our clients by creating a culture of client-focused service and exceeding our clients' return and service expectations, ensuring we remain their manager of choice	Achieved
PILLAR FIVE: **Building bcIMC**	To develop a results-oriented, innovative and knowledgeable team that is supported by efficient systems and technology and operates at a reasonable cost	Achieved

LONG-TERM INCENTIVE PLAN CREDITS AND PAYMENTS Over the April 2008 to March 2012 period, bcIMC's value-added investment performance was positive in the most recent two of the four years. The credits for the four-year period are shown in the table below.

YEAR	MAXIMUM INSTALMENT WEIGHTING TOWARDS FUTURE LTIP PAYMENT (%)	ACTUAL CREDIT (%)
2008–2009	25.0	0.0
2009–2010	25.0	0.0
2010–2011	25.0	23.9
2011–2012	25.0	23.8
TOTAL	**100.0%**	**47.7%**

The value-added performance in 2011–2012 generated a credit of 23.8 per cent, with 25.0 per cent being the maximum credit.

However, as value-added performance was only delivered in two of the four years, LTIP payments for 2011–2012 are based on 47.7 per cent of the maximum opportunity. The zero years negatively affected incentive payments for 2011–2012 and will continue to affect performance-based pay for value-added investment activity up to and including 2012–2013.

As the LTIP includes a payment deferral component, the accrual of credits for future payments under this program has increased in comparison to the previous years with zero credits. This accrual increase is due to the two most recent years that generated above benchmark returns. The increase in the number of participants in the LTIP program and Board-approved changes following the independent compensation review also impacted the accrual.

EXECUTIVE COMPENSATION The total compensation of the five most highly remunerated officers for 2011–2012 and comparative figure for the two previous fiscal years is disclosed in the Summary Compensation Table on page 58. The AIP and LTIP payments for the Chief Executive Officer / Chief Investment Officer and the other named executive officers reflect the investment performance that exceeded our clients' combined market benchmark and generated $1.4 billion in additional value, net of costs. These payments also recognize their department's contribution to the returns and other business objectives, and their individual contribution.

Total compensation for bcIMC's named executive officers was $4.1 million in 2011–2012 ($3.4 million in 2010–2011). The increase reflects the positive effect of the value-added investment returns in each of the last two years on the performance-based component of our executive's compensation.

Total cost of salaries and benefits for our entire staff complement was $36.1 million in 2011–2012 (4.0 cents per $100 of assets under administration) compared to $28.8 million in 2010–2011 (3.5 cents per $100 of assets under administration). This year-over-year change reflects an increase in performance-based pay as a result of generating $1.4 billion in value-added returns, the adjustments made to the compensation structure, and the growth in bcIMC's staff complement.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	BASE SALARY[1] ($)	ANNUAL INCENTIVE[2,3] ($)	LONG-TERM INCENTIVE PLAN[2,3] ($)	PENSION CONTRIBUTIONS[4] ($)	OTHER BENEFITS[5] ($)	TOTAL COMPENSATION[6] ($)
Doug Pearce Chief Executive Officer/ Chief Investment Officer	2011–2012	466,783	517,939	167,424	50,977	57,820	1,260,943
	2010–2011	466,396	393,897	106,515	50,605	46,004	1,063,417
	2009–2010	457,201	408,022	73,477	49,418	15,541	1,003,659
Lincoln Webb VP, Private Placements	2011–2012	312,578	351,304	112,114	34,470	43,023	853,489
	2010–2011	312,318	275,493	64,223	34,380	38,093	724,507
	2009–2010	306,161	286,721	38,564	33,694	25,295	690,435
Bryan Thomson VP, Equity Investments	2011–2012	279,099	251,790	98,321	30,944	31,058	691,212
	2010–2011	263,916	176,646	60,233	29,283	23,611	553,689
	2009–2010	255,134	206,596	42,090	27,853	9,288	540,961
Paul Flanagan VP, Fixed Income	2011–2012	249,204	247,388	87,526	27,796	32,734	644,648
	2010–2011	224,771	175,623	51,816	24,593	19,919	496,722
	2009–2010	224,518	195,135	34,227	25,097	11,445	490,422
Dean Atkins VP, Mortgages	2011–2012	239,218	253,773	84,597	26,700	32,696	636,984
	2010–2011	229,033	181,807	51,269	25,610	26,083	513,802
	2009–2010	224,518	197,481	35,293	25,097	11,445	493,834

[1] Base salaries are guided by the Board's compensation philosophy to pay market median among other large pension fund managers in Canada.

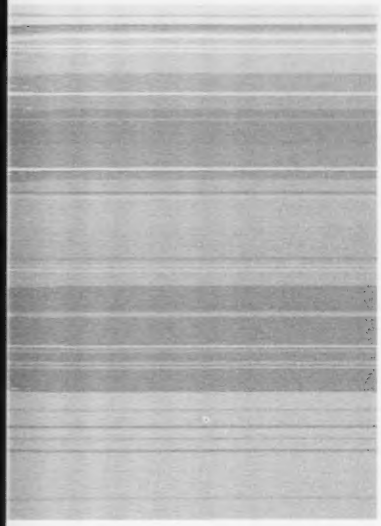
[2] The values of incentive payments are listed beside the performance year in which it is earned; the actual disbursement occurs in the following fiscal year.

[3] A component of the incentive plan value reflects performance over a four-year timeframe.

[4] These values represent the contributions paid by bcIMC on behalf of the named individuals to the Public Service Pension Plan and the Canadian Pension Plan.

[5] These values include bcIMC-funded group health and welfare benefits and illness wage-loss provisions, parking, and contributions paid by bcIMC on behalf of the named individuals for legislated benefits such as Employment Insurance and Workers' Compensation. A payout of unused vacation entitlement may also be included in this value.

[6] Values in this table constitute the total compensation earned by or paid on behalf of the identified individuals. All values are inclusive.



Investment Management Corporation

CORPORATE FINANCIAL STATEMENTS

Management's Responsibility for Financial Statements

Investment Management Corporation

3rd floor, 2940 Jutland Road
Victoria BC, V8W 5K6

June 28, 2012

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements of the British Columbia Investment Management Corporation (the Corporation) rests with management. The financial statements, which by necessity include some amounts that are based on management's best estimates and judgments, are prepared in accordance with International Financial Reporting Standards. In management's opinion, the financial statements have been properly prepared within the framework of the significant accounting policies summarized in the financial statements and present fairly the Corporation's financial position, results of operations and cash flow. The financial statements have been reviewed and approved by the Corporation's Board of Directors.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records maintained. The internal accounting control process includes management's communication to employees of policies that govern ethical business conduct.

These consolidated financial statements have been examined by the Corporation's independent auditor, KPMG LLP, and their report is presented herein.

Doug Pearce
Chief Executive Officer
Chief Investment Officer

David Woodward
Vice President,
Finance & Operations

Independent Auditors' Report

To the Shareholder of British Columbia Investment Management Corporation

We have audited the accompanying consolidated financial statements of British Columbia Investment Management Corporation, which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended March 31, 2012 and March 31, 2011, and notes, which comprise a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on a judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of British Columbia Investment Management Corporation as at March 31, 2012, March 31, 2011 and April 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

June 28, 2012
Vancouver, Canada

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Financial Position

(Expressed in Thousands of Dollars)

	Note	March 31, 2012	March 31, 2011	April 1, 2010
Assets				
Current assets:				
Cash and cash equivalents	4	15,721	9,165	12,179
Trade and other receivables	5	29,955	43,696	23,373
Prepaid expenses		853	718	883
		46,529	53,579	36,435
Property, plant and equipment	6	566	783	1,012
		47,095	54,362	37,447
Liabilities and Shareholder's Equity				
Current liabilities:				
Trade and other payables	7, 18	37,259	47,630	32,348
Long-term employee benefits	8	5,650	2,503	1,079
Shareholder's equity:				
General reserve		2,691	2,691	2,095
Retained earnings		1,495	1,538	1,925
		4,186	4,229	4,020
		47,095	54,362	37,447

Operating leases (note 14)

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:

Director

Director

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Comprehensive Income

(Expressed in Thousands of Dollars)

Years ended March 31, 2012 and 2011

	Note	2012	2011
Revenues			
Recoveries of direct costs	9	129,920	111,014
Funds management fees		47,863	38,040
Finance income	10	193	131
		177,976	149,185
Expenses			
Direct costs	9	129,920	111,014
Salaries and benefits	11	36,113	28,778
General and administrative	12	8,382	7,736
Other	13	3,604	1,449
		178,019	148,977
Net operating income (loss) and comprehensive income (loss)		(43)	208

See accompanying notes to consolidated financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Changes in Equity

(Expressed in Thousands of Dollars)

Years ended March 31, 2012 and 2011

	General reserve	Retained earnings	Total equity
Balance as at April 1, 2010	2,096	1,925	4,021
Comprehensive income	–	208	208
Transfer from (to) general reserve	595	(595)	–
Balance as at March 31, 2011	2,691	1,538	4,229
Comprehensive income	–	(43)	(43)
Balance as at March 31, 2012	2,691	1,495	4,186

See accompanying notes to consolidated financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Cash Flows

(Expressed in Thousands of Dollars)

Years ended March 31, 2012 and 2011

	2012	2011
Cash flows provided by (used in)		
Operations:		
Net earnings (loss)	(43)	208
Items not involving cash:		
Depreciation	279	290
	236	498
Changes in non-cash items:		
Trade receivables	13,741	(20,323)
Prepaid expenses	(135)	165
Accounts payable and accrued liabilities	(10,371)	15,282
Long-term employee benefits	3,147	1,424
Net cash provided by (used in) operating activities	6,618	(2,954)
Investments:		
Property, plant and equipment additions	(62)	(60)
Increase (decrease) in cash and cash equivalents	6,556	(3,014)
Cash and cash equivalents, beginning of year	9,165	12,179
Cash and cash equivalents, end of year	15,721	9,165
Cash and cash equivalents are comprised of		
Cash in bank	240	163
Short-term money market instruments	15,481	9,002
	15,721	9,165

See accompanying notes to consolidated financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

1. REPORTING ENTITY

The British Columbia Investment Management Corporation (the Corporation) is a statutory corporation incorporated under section 16 of the *Public Sector Pension Plans Act*, SBC 1999 c44 (the "Act") and domiciled in Canada. The address of the Corporation's office is Sawmill Point, 2940 Jutland Road, Victoria, BC. The consolidated financial statements of the Corporation as at and for the year ended March 31, 2012 include the Corporation and its subsidiaries.

In accordance with the Act, the Corporation invests the money or securities of various public sector pension funds, the Province of British Columbia, provincial government bodies (Crown corporations and institutions) and publicly-administered trust funds.

The estimated market value of assets managed by the Corporation as of March 31, 2012 was $92 billion (2011 – $87 billion). Of that, $74 billion (2011 – $70 billion) is invested on behalf of pension funds and $18 billion (2011 – $17 billion) on behalf of various publicly-administered trust funds and clients. These assets are held by bcIMC as agent for investment of the clients and may consist of units in one or more pooled investment portfolios whose assets are managed and owned by the Corporation as trustee. The Corporation annually prepares separate audited financial statements for each pooled investment portfolio with more than one unitholder. Neither assets held by the Corporation as trustee of the pooled investment portfolios nor assets held by the Corporation as agent for investment for its clients are consolidated in the financial statements of the Corporation.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Corporation's first consolidated financial statements prepared in accordance with IFRS and IFRS 1, *First-time Adoption of International Financial Reporting Standards* has been applied.

The transition to IFRS has not affected previously reported financial position, financial performance and cash flows of the Corporation. Refer to note 20 for further discussion on the Corporation's transition to IFRS.

The consolidated financial statements were authorized for issue by the Board of Directors on June 28, 2012.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except long-term employee benefits which are measured at the present value of the expected future benefit.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented has been rounded to the nearest thousand dollars, unless otherwise indicated.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant areas of estimation include long-term employee benefits. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS Statement of Financial Position at April 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Basis of consolidation

Subsidiaries are consolidated in the Corporation's financial statements, from the date that control commences until the date that control ceases.

(b) Cash and cash equivalents

Cash and cash equivalents comprise money market funds which are readily convertible to cash.

(c) Financial instruments:

The Corporation initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including any assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation has the following classifications of non-derivative financial assets: Loans and receivables and held-for trading financial assets. The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's length transaction between knowledgeable and willing parties under no compulsion to act.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Trade and other receivables are classified as loans and receivables and are accordingly measured at amortized cost.

Trade and other payables and accrued liabilities are classified as other liabilities and accordingly are measured at amortized cost.

(d) Property, plant and equipment:

(i) Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within net income.

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leasehold improvements are amortized on a straight-line basis over the remaining life of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and equipment	10 years
Computers and related software	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(e) Share capital

The capital of the Corporation is one share with a par value of ten dollars and classified as equity. The share is issued to and registered in the name of the Minister of Finance and must be held by that Minister on behalf of the Government of British Columbia.

(f) Reserve

The Corporation maintains a general reserve for future expenditures which may be appropriated from retained earnings at the discretion of the Board. The Board has authorized access to the General Reserve for the purposes of certain employee compensation payments and for errors and omissions payments.

The Corporation must recover its operating costs and capital expenditures. The Corporation's board of directors may approve recoveries greater than costs and expenditures to maintain or increase the Corporation's retained earnings and general reserve.

(g) Revenue:

The Corporation's revenues comprise operating costs and capital expenditures that are recovered from: amounts charged to the funds for operating costs and capital expenditures necessarily incurred by the Corporation on behalf of the funds it manages; amounts charged to clients for services provided by the Corporation; and income accruing from investments made by the Corporation on its own behalf.

(i) Direct costs recoveries and funds management fees

Amounts charged to the funds and clients are accrued as the related costs and expenditures are incurred and as the services are provided. Fees are charged at a level that the Corporation estimates will allow it to recover all cash outlays and accrued expenses, including capital expenditures, and maintain or increase retained earnings and general reserves.

(ii) Finance income

Finance income is recorded on an accrual basis and comprises interest income on cash and cash equivalents.

(h) Employee benefits

(i) Defined benefit plans

The Corporation and its employees contribute to the Public Service Pension Plan (the Plan) which is a multi-employer defined benefit pension plan in accordance with the Act. The British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. In accordance with IAS

19, due to insufficient information relating to the Corporation's share of the Plan's assets and liabilities, the Corporation accounts for the Plan as if were a defined contribution plan. The Corporation's annual cost is represented by contributions required for the respective year.

The Plan operates under joint trusteeship between the employers and the Plan members, who share in the risks and rewards associated with the Plan's unfunded liability or surplus. The most recent actuarial valuation as of March 31, 2011 indicated that the Plan was 98% funded, as a result, effective April 1, 2012 each of the employee and employer pension contribution rates increased by 0.4% of salary.

(ii) Long term incentive plan

The Corporation provides a retention incentive to employees in senior staff positions through a long-term incentive plan (LTIP). Eligible staff are entitled to their first LTIP payment after four complete fiscal years of employment with the Corporation. LTIP is accrued for eligible employees at an amount equal to one quarter of the estimated aggregate pay-out for the current year and each of the following three years. The estimated payments for years beyond the next fiscal year are recorded as a long-term liability.

(iii) Long service retiring allowance

Employees hired prior to October 31, 2007 are entitled to a long service retiring allowance as provided for under their terms of employment. As employees render the services necessary to earn the benefit, the Corporation estimates and accrues the future obligation for retiring allowances.

The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Corporation's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

(i) Leased assets

(i) Classification

The Corporation does not have any leases classified as finance leases where it assumes substantially all the risks and rewards of ownership. The Corporation has operating leases and they are not recognized in the statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

(j) Taxation

As a corporation whose only share is owned by Her Majesty in right of a province, the Corporation is exempt from federal income taxes. As an agent of the government of British Columbia, the Corporation is not liable to British Columbia taxation except as the government of British Columbia is liable for British Columbia taxation.

(k) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these consolidated financial statements. The Corporation is currently evaluating the impact of the new or amended standards.

4. CASH AND CASH EQUIVALENTS

March 31, 2012	Canadian	U.S.	Total
Cash	223	17	240
Cash equivalents	15,368	113	15,481
	15,591	130	15,721

March 31, 2011	Canadian	U.S.	Total
Cash	127	36	163
Cash equivalents	8,995	7	9,002
	9,122	43	9,165

April 1, 2010	Canadian	U.S.	Total
Cash	5	4	9
Cash equivalents	12,094	76	12,170
	12,099	80	12,179

Cash equivalents consist of units in pooled investment portfolios managed by the Corporation, specifically the Canadian Money Market Fund ST2 and the U.S. Money Market Fund ST3. U.S. dollar investments are translated at the year-end foreign currency exchange rate.

5. TRADE AND OTHER RECEIVABLES

	March 31, 2012	March 31, 2011	April 1, 2010
Pooled fund receivables	22,914	29,012	19,881
Fees receivables	5,493	2,477	2,590
Other receivables	1,548	12,207	902
	29,955	43,696	23,373

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment	Computers and related software	Leasehold improvements and interests	Total
Cost				
Balance as at April 1, 2010	542	1,394	1,655	3,591
Assets acquired	21	32	9	62
Disposals	–	–	–	–
Balance as at March 31, 2011	563	1,426	1,664	3,653
Assets acquired	20	42	–	62
Disposals	–	–	–	–
Balance as at March 31, 2012	583	1,468	1,664	3,715
Accumulated Depreciation				
Balance as at April 1, 2010	345	1,243	991	2,579
Depreciation for the year	37	58	196	291
Balance as at March 31, 2011	382	1,301	1,187	2,870
Depreciation for the year	29	59	191	279
Balance as at March 31, 2012	411	1,360	1,378	3,149
Carrying Amounts				
As at April 1, 2010	197	151	664	1,012
As at March 31, 2011	181	125	477	783
As at March 31, 2012	172	108	286	566

7. TRADE AND OTHER PAYABLES

	March 31, 2012	March 31, 2011	April 1, 2010
Direct cost payable	20,500	25,355	17,598
Accounts payable trade	3,434	12,026	3,669
Benefits payable	12,280	8,925	8,191
Other payables	1,045	1,324	2,890
	37,259	47,630	32,348

8. LONG TERM EMPLOYEE BENEFITS

March 31, 2012	LTIP	LSRA	Total
Present value of obligations	6,611	1,055	7,666
Less short term portion included in trade and other payables – benefits payable	1,650	366	2,016
Long term employee benefits obligations	4,961	689	5,650

March 31, 2011	LTIP	LSRA	Total
Present value of obligations	2,826	968	3,794
Less short term portion included in trade and other payables – benefits payable	1,026	265	1,291
Long term employee benefits obligations	1,800	703	2,503

April 1, 2010	LTIP	LSRA	Total
Present value of obligations	1,078	866	1,944
Less short term portion included in trade and other payables – benefits payable	643	222	865
Long term employee benefits obligations	435	644	1,079

9. REVENUES

Costs related to providing funds management services on behalf of pooled investment portfolios or clients' segregated investments are recovered directly from those entities. These direct costs are shown as expenses, and the recovery of these costs as revenue, in the Consolidated Statements of Comprehensive Income.

The breakdown of direct costs as reported in the Consolidated Statements of Comprehensive Income is as follows:

Direct costs	2012	2011
Investment	115,380	94,001
Custodial	9,720	9,272
Legal, audit, other	4,820	7,741
	129,920	111,014

10. FINANCE INCOME

	2012	2011
Interest	5	5
Money market	188	126
	193	131

11. SALARY AND BENEFITS

	2012	2011
Salaries	18,651	16,489
Benefits	3,550	3,141
Annual Incentive Plan	9,102	6,758
Long Term Incentive Plan	4,810	2,390
	36,113	28,778

Benefits are comprised of:

	2012	2011
Medical and dental	594	521
Pension	1,823	1,603
Retirement allowance	116	102
Insurance and others	1,017	915
	3,550	3,141

12. GENERAL AND ADMINISTRATIVE COSTS

	2012	2011
Systems operations	4,974	4,539
Office and business	1,391	1,237
Rent	1,348	1,312
Insurance	669	648
	8,382	7,736

13. OTHER EXPENSES

	2012	2011
Errors and omissions	–	(595)
Professional services	2,684	1,010
Recruitment and training	413	516
Board costs	229	228
Depreciation	278	290
	3,604	1,449

14. OPERATING LEASES

The Corporation leases premises under various operating leases which expire in 2015 and 2017, subject to various renewal options contained within the lease agreements. Minimum lease payments based on the lease agreements in effect as at the periods below are as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Less than 1 year	1,305	1,305	1,305
Between 1 and 5 years	2,581	3,799	5,017
More than 5 years	–	87	174
	3,886	5,191	6,496

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Corporation's financial instruments which includes cash and cash equivalents, trade and other receivables, and trade and other payables approximates its carrying value due to the short-term to maturity of these instruments.

16. FINANCIAL RISK MANAGEMENT

In the ordinary course of operations, the Corporation may be exposed to risk arising from its financial instruments as follows:

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash equivalents and accounts receivable.

The Corporation's cash equivalents are described in note 4 and consist of units in money market investment portfolios managed by the Corporation. The trade receivable relates to fees and receivables from pooled investment portfolios managed by the Corporation and are generally short-term in nature.

Due to the Corporation's role as fund manager for the pooled funds and the highly liquid nature of the Corporation's cash equivalents, management does not believe the Corporation is exposed to significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation operates on a cost recovery basis and recovers all of its expenses through the pooled funds and segregated client accounts it manages. Accordingly, management does not believe the Corporation is exposed to significant liquidity risk.

(c) Currency risk

Currency risk is the risk that the Corporation's financial instruments will fluctuate in value from changes in value of foreign currencies in relation to the Canadian dollar. The Corporation does not hold significant financial assets or have significant financial obligations denominated in other than Canadian dollars. Accordingly, management does not believe the Corporation is exposed to significant currency risk.

(d) Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of financial instruments due to fluctuation in both long-term and short-term nominal and real interest rates. The Corporation's cash equivalents are in units of money market investment portfolios that are interest rate sensitive, however the underlying financial instruments re-price on a frequent basis. Other financial assets and liabilities have a short-term to maturity. As investment earnings are not material, management does not believe the Corporation is exposed to significant interest rate risk.

(e) Other price risk

Other price risk is the risk that the fair value of the Corporation's financial instruments will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risk. Management does not believe the Corporation's financial instruments are exposed to significant other price risk.

17. CAPITAL MANAGEMENT

The Corporation's capital consists of general reserve and retained earnings. The Corporation operates on a cost recovery basis. From time to time, the Corporation's board of directors may approve recoveries greater than costs to maintain or increase the Corporation's retained earnings and general reserve.

18. RELATED PARTIES

The Corporation is related to all Province of British Columbia ministries, agencies and Crown corporations through common ownership. Transactions with these entities are in the normal course of operations and are recorded at the exchange amounts.

A portion of the Corporation's expenses are paid to related parties. These amounts are as follows:

	2012	2011
Systems operations	410	353
Office and business	168	162
	578	515

Related party transactions included in trade and other payables are as follows:

	2012	2011
Systems operations	59	68
Office and business	13	49
	72	117

Key management personnel compensation

	2012	2011
Base salary	1,547	1,500
Annual incentive	1,622	1,211
Other short-term benefits	197	165
Long-term incentive plan	550	336
Termination benefits	–	–
Post employment benefits – pension contributions	171	165
	4,087	3,377

19. SUBSIDIARY ENTITIES

Subsidiaries include:

	Ownership of voting shares	
	March 31, 2012	March 31, 2011
bcIMC Holdco (2007) Inc.	100%	100%
4245997 Canada Inc.	100%	100%
bcIMC Fixed-Term Corporation	100%	100%
bcIMC SIIF FX Investment Corporation	100%	100%
bcIMC (IRE GP) Investment Corporation[1]	–	100%

[1] Corporation was dissolved effective April 3, 2011

20. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2(a), these are the Corporation's first consolidated financial statements prepared in accordance with IFRS.

The guidance for the first time adoption of IFRS is set out in IFRS 1, *First Time Adoption of International Financial Reporting Standards* (IFRS 1). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS statement of financial position at April 1, 2010 (the Corporation's date of transition).

In preparing its opening IFRS statement of financial position and its comparative statements of comprehensive income and cash flows, the Corporation did not have any requirement to adjust amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP.

Our External Managers and Partners

AUDITORS

- Ernst & Young
- KPMG LLP

GLOBAL CUSTODIAN

- RBC Dexia Investor Services Trust

LEGAL ADVISORS

- Blake Cassels & Graydon LLP
- Garvey Schubert Barer
- Lawson Lundell LLP
- McCullough O'Connor Irwin LLP

MORTGAGES

- Bentall Kennedy GP
- CMLS Financial Ltd.
- Tricon Capital Group Inc.

PRIVATE PLACEMENTS

- Adams Street Partners, LLC
- Advent International Corporation
- Affinity Equity Partners
- Apollo Management
- Archer Capital
- ArcLight Capital Partners, LLC
- AsiaVest Partners, TCW/YFY (Taiwan) Ltd.
- Banyan Capital Partners
- BC Partners Limited
- Blackstone Management Partners LLC
- Bridgepoint Capital Limited
- Brookfield Asset Management Inc.
- CAI Advisors & Co.
- Callisto Capital LP
- Canaan Partners
- Carlyle/Riverstone Renewable Energy Partners, LP
- Cartesian Capital Group, LLC
- Celtic House Venture Partners
- Cinven Capital Management Ltd.
- CVC Capital Partners Ltd.
- Energy Capital Partners
- First Reserve Corporation
- Francisco Partners
- Fulcrum Capital Partners
- HarbourVest Partners, LLC
- Hellman & Friedman Capital Partners LLC
- Highstar Capital L.P.
- IK Investment Partners
- Kern Energy Partners Management Ltd.
- Leonard Green & Partners L.P.
- Macquarie Bank Limited
- MatlinPatterson Global Advisors LLC
- McKenna Gale Capital Inc.
- Merit Capital Partners
- Newstone Capital Partners, LLC
- Northstar Advisors Pte Ltd.
- Oaktree Capital Management, L.P.
- PAI Partners S.A.S.
- Penfund Management Limited
- Polaris Venture Partners
- Richardson Capital Limited
- TA Associates Management, L.P.
- Tailwind Capital Partners
- Torquest Partners
- TPG Capital
- Tricor Pacific Capital, Inc.
- TriWest Capital Partners
- Unitas Capital Pte. Ltd.
- Vanedge Capital Partners Ltd.
- Ventures West Management Inc.
- Wayzata Investment Partners
- Wellspring Capital Partners
- Yaletown Venture Partners

PUBLIC EQUITIES

- Aberdeen Asset Management Ltd.
- Acadian Asset Management LLC
- Acuity Investment Management Inc.
- Advisory Research, Inc.
- Amundi Asset Management
- BlackRock Asset Management Canada Limited
- Connor, Clark & Lunn Investment Management Ltd.
- Corston-Smith Asset Management SDN BHD
- GE Asset Management Canada
- Grantham, Mayo, Van Otterloo & Co. LLC
- Highstreet Asset Management Inc.
- Intact Investment Management
- Jarislowsky, Fraser Limited
- J.P. Morgan Asset Management
- Montag & Caldwell Investment Counsel Inc.
- Oechsle International Advisors LLC
- Pictet Asset Management Ltd.
- Pier 21 Asset Management Inc. / Carnegie Asset Management Fondsmaeglerselskab A/S
- Pyramis Global Advisors
- Pyrford International Ltd.
- QIEF Management LLC
- RCM Capital Management LLC
- T. Rowe Price Associates, Inc.
- TT International
- UBS Global Asset Management
- Van Berkom and Associates Inc.
- Vontobel Asset Management, Inc.
- Walter Scott & Partners Limited
- Wellington Management Company, LLP

REAL ESTATE

- Apex LP
- Bentall Kennedy
- Brookfield Asset Management Inc.
- Delta Hotels Limited
- Doughty Hanson & Co.
- GWL Realty Advisors Inc.
- LaSalle Investment Management
- MGPA
- Pacific Capital
- Parkbridge Lifestyle Communities Inc.
- Realstar Group
- SilverBirch Management Ltd.

Our Corporate Officers

DOUG PEARCE
Chief Executive Officer and Chief Investment Officer

DEAN ATKINS
VP, Mortgages

PAUL FLANAGAN
VP, Fixed Income

MARY GARDEN
VP, Real Estate

DARYL JONES
VP, Research and Risk Measurement

BRYAN THOMSON
VP, Equity Investments

LINCOLN WEBB
VP, Private Placements

ROBERT DES TROIS MAISONS
VP, Legal Affairs and General Counsel

LYNN HANNAH
VP, Consulting and Client Services

CAROL IVERSON
VP, Human Resources

SHAUNA LUKAITIS
VP, Trade Management and Compliance

GINA PALA
VP, Information Technology

DAVID WOODWARD
VP, Finance and Operations

ECO-AUDIT
ENVIRONMENTAL BENEFITS STATEMENT

The bcIMC annual report is printed with vegetable-based inks, on paper that is made from 100 per cent post-consumer recycled content. The stock is manufactured with renewable, non-polluting, wind-generated electricity, and is sourced from certified suppliers that support the growth of responsible forest management. By using this environmentally friendly paper, bcIMC has saved the following resources:

trees	wastewater	solid waste	greenhouse gases	energy
24 fully grown	41,252 litres	314 kilograms	1,098 kilograms	10 million BTU's

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We welcome your comments and suggestions on our annual report.

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